

**KINNELOA IRRIGATION DISTRICT  
REGULAR MEETING – BOARD OF DIRECTORS  
DISTRICT OFFICE  
TUESDAY – February 19, 2008  
7:30 P.M.**

**AGENDA**

- 1. CALL TO ORDER**
  - A. Declaration of a Quorum
  - B. Review of Agenda
- 2. PUBLIC COMMENT** -- Comments from the public regarding items on the Agenda or other items within the jurisdiction of the District.
- 3. TRUCK FINANCE AGREEMENT**
- 4. GLEN RESERVOIR WALL** – Director Griffith
- 5. BROWN RESERVOIR SITE** – Director Griffith
- 6. NEW YORK PIPELINE PROJECT REVIEW** – Director Barkhurst
- 7. PIPELINE ENGINEERING EXPENSE**
- 8. CAPITAL PROJECTS**
- 9. SALE OF 1993 TRUCK**
- 10. COMMUNITY OUTREACH MEETING**—Director Kilburn
- 11. APPOINTMENT OF AD HOC COMMITTEE** – General Manager Performance Review
- 12. GENERAL MANAGER’S REPORT**
- 13. REVIEW OF MINUTES** – Regular Meeting-December 18, 2007
- 14. REVIEW OF FINANCIAL REPORTS** – January 31, 2008
- 15. ITEMS FOR NEXT AGENDA**
- 16. CALENDAR – Regular Meeting** – March 18, 2008  
April 15, 2008  
May 20, 2008
- 17. ADJOURNMENT**

**Each item on the Agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action.**

DOCUMENTATION INSTRUCTIONS AND REFERENCE

The following documents represent the complete documentation package:

1. Installment Sale Agreement
2. Installment Sale Schedule
3. Assignment of Installment Sale and Acknowledgment of Assignment
4. Certificate of Purchaser
5. Incumbency and Signature Certificate
6. Certificate of Acceptance (executed upon final acceptance of Property)

All of the above documents shall be executed with original signatures. The signatory should be the officer(s) referenced in the resolution.

In addition to the above documents, the following additional items are required:

**Resolution** Please send an original or certified copy of the resolution adopted by the governing body.

**Legal Opinion** Please forward the documentation to your counsel for legal review and the issuance of a legal opinion like the sample provided. The legal opinion should be on the counsel's letterhead and bear an original signature.

**Insurance** Please fill out the Insurance Authorization Letter, the Insurance Data Form and the Self-Insurance Certificate (if applicable). FAX the Insurance Authorization Letter to your insurance agent(s) and to MFC ASAP. Return completed original along with the Insurance Data Form, the Self-Insurance Certificate and other documents.

**8038-G Form** Sign and date. MFC will file the form upon funding.

INSTALLMENT SALE AGREEMENT #07-049

This INSTALLMENT SALE AGREEMENT dated January 15, 2008 (this "Installment Sale") is by and between MUNICIPAL FINANCE CORPORATION, ("Corporation") a corporation duly organized and operating under the laws of the State of California as seller and KINNELOA IRRIGATION DISTRICT, an irrigation district duly organized and existing under the laws of the State of California ("Purchaser") as purchaser.

RECITALS:

WHEREAS, Purchaser deems it essential for Purchaser to acquire the property described herein for its own public purposes; and

WHEREAS, it is intended that this Installment Sale be treated as a tax-exempt obligation of Purchaser for federal income tax purposes; and

WHEREAS, Purchaser and Corporation agree to mutually cooperate now and hereafter, to the extent possible, in order to sustain the intent of this Installment Sale and the bargain of both parties hereto.

WITNESSETH:

NOW, THEREFORE in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. Sale. Corporation hereby sells to Purchaser, and Purchaser hereby purchases from Corporation all property (the "Property") described in the schedule or schedules (collectively, the "Schedule") executed by the parties concurrently herewith and hereafter and made a part hereof. Hereinafter, reference to Corporation means Corporation and Corporation's assigns for those rights, interests and obligations that may be assigned by Corporation.

SECTION 2. Term. The terms and conditions of this Installment Sale shall become effective upon the authorized execution of this Installment Sale by the parties hereto. The installment term of the Property purchased hereunder commences and terminates on the dates specified in the Schedule unless the term of this Installment Sale is extended as provided in this Section. If on the scheduled date of termination of this Installment Sale the Installment Payments shall not be fully paid, or provision therefor made, then the term of this Installment Sale shall be extended until the date upon which all such Installment Payments shall be fully paid.

SECTION 3A. Representations and Warranties of Purchaser. Purchaser represents and warrants to Corporation that:

(a) Purchaser is an irrigation district and political subdivision, duly organized and existing under the Constitution and laws of the State of California with authority to enter into this Installment Sale and to perform all of its obligations hereunder.

(b) Purchaser's governing body has duly authorized the execution and delivery of this Installment Sale and further represents and

warrants that all requirements have been met and procedures followed to ensure its enforceability.

(c) The execution, delivery and performance of this Installment Sale do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which Purchaser is a party or by which it or its property is bound.

(d) There is no pending or, to the knowledge of Purchaser, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of Purchaser to perform its obligations under this Installment Sale.

(e) No public bidding laws or provisions of the California Public Contract Code are applicable to the acquisition of the Property purchased hereunder.

Deleted: Purchaser has complied with all

(f) The Property being purchased is essential to Purchaser in the performance of its governmental functions and its estimated useful life to Purchaser exceeds the term of this Installment Sale.

SECTION 3B. Budget and Appropriation. Purchaser shall take such action as may be necessary to include all Installment Payments in its annual budget and annually to appropriate an amount necessary to make such Installment Payments. During the term of this Installment Sale, Purchaser will furnish to Corporation, if so requested, copies of each proposed budget of Purchaser within thirty (30) days after it is filed and of each final budget of the Purchaser within thirty (30) days after it is printed. The covenants on the part of Purchaser shall be deemed and construed to be duties imposed by law and it shall be the duty of each and every public official of Purchaser to take such action and do such things as are required by law in the performance of the official duty of such officials to enable Purchaser to carry out and perform the covenants and agreements in this Installment Sale agreed to be carried out and performed by Purchaser.

SECTION 4. Representations and Warranties of Corporation. Corporation represents and warrants to Purchaser that:

(a) Corporation is duly organized, validly existing and in good standing under the laws of the State of California, with full corporate power and authority to lease and own real and personal property.

(b) Corporation has full power, authority and legal right to enter into and perform its obligations under this Installment Sale, and the execution, delivery and performance of this Installment Sale have been duly authorized by all necessary corporate actions on the part of Corporation and do not require any further approvals or consents.

(c) The execution, delivery and performance of this Installment Sale do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which Corporation is a party by which it or its property is bound.

(d) There is no pending or, to the knowledge of Corporation, threatened action or proceeding before any court or administrative agency which will materially adversely affect the ability of Corporation to perform its obligations under this Installment Sale.

SECTION 5. Property Acquisition. Corporation hereby appoints Purchaser as its purchasing agent to acquire the Property purchased hereunder and Purchaser hereby accepts said appointment (hereinafter, the "Agency"). The Agency is limited to i) negotiation of terms, conditions and acquisition cost of acquiring the Property from suppliers and contractors (collectively, the "Supplier") selected by Purchaser; ii) to the inspection and acceptance of the Property upon its delivery and installation; and iii) to the exercise of any rights or remedies with respect to Property warranties or guarantees. All warranties and guarantees, either express or implied, that inure to Corporation by virtue of the Agency are hereby passed through to Purchaser to prosecute at Purchaser's sole discretion.

SECTION 6. Installment Sale Proceeds. Moneys available to pay Property costs set forth on the Schedule are defined as the "Installment Sale Proceeds". Disbursement of Installment Sale Proceeds to pay Property costs can be made either directly to the Supplier or to Purchaser as a reimbursement of its prior expenditures for Property costs. Purchaser shall deliver to Corporation a disbursement authorization form along with Supplier invoices and required reconciliation documents prior to Corporation making a disbursement to the Supplier or a reimbursement to Purchaser.

SECTION 7. Installment Payments. PURCHASER SHALL PAY CORPORATION, AS THE PURCHASE PRICE OF THE PROPERTY, INSTALLMENT PAYMENTS (the "Installment Payments") IN THE AMOUNTS AND AT THE TIMES SET FORTH IN THE SCHEDULE, AT THE OFFICE OF CORPORATION OR TO SUCH OTHER PERSON OR AT SUCH OTHER PLACE AS CORPORATION MAY FROM TIME TO TIME DESIGNATE IN WRITING. Should Purchaser fail to pay any part of the Installment Payments herein within fifteen (15) days from the due date thereof, Purchaser shall upon Corporation's written request, pay interest on such delinquent Installment Payment from the date said Installment Payment was due until paid at the rate of twelve percent (12%) per annum or the maximum legal rate, whatever is less. Purchaser shall pay Installment Payments exclusively from legally available funds, in lawful money of the United States of America, to Corporation. The obligation of Purchaser to pay Installment Payments hereunder shall be absolute and unconditional in all events, and will not be subject to set-off, defense, abatement, reduction, counterclaim, or recoupment for any reason whatsoever.

SECTION 8. Security Interest. As security for the payment of all of Purchaser's obligations hereunder, Purchaser hereby grants Corporation, its successors or assigns, a security interest in the Property, its accessions and attachments thereto and replacements thereof and substitutions therefor and all proceeds and products of any of the foregoing. Purchaser agrees to execute such additional documents, including financing statements, which Corporation deems necessary or appropriate to establish and maintain Corporation's security interest.

**Deleted: Deposit of Moneys.**  
Corporation shall cause the deposit of the sum of \$100,000.00 (the "Installment Sale Proceeds") in an acquisition fund (the "Acquisition Fund") with Deutsche Bank National Trust Company ("Custodian") pursuant to an Acquisition Fund Agreement by and among Corporation, Purchaser and Custodian, the date of such deposit to be the commencement date of this Installment Sale (the "Closing Date"). The Installment Sale Proceeds shall be invested and disbursed pursuant to the terms and conditions of the Acquisition Fund Agreement. Any moneys that remain in the Acquisition Fund after completing the disbursements for Property costs shall be applied towards the payment or prepayment of future Rental Payments.

SECTION 9. Use. Purchaser shall use the Property in a careful and proper manner and shall comply with and conform to all national, state, municipal, police, and other laws, ordinances, and regulations in anyway relating to the possession, use, or maintenance of the Property.

SECTION 10. Acceptance. Purchaser shall acknowledge receipt, inspection and acceptance of the Property by executing a "Certificate of Acceptance".

SECTION 11. Corporation's Inspection. Upon forty-eight (48) hours prior notice, the Corporation shall at any and all times during normal business hours have the right to enter into and upon Purchaser's premises where the Property is located for the purpose of inspecting the same or observing its use. Purchaser shall give Corporation immediate notice of any attachment or other judicial process affecting the Property.

SECTION 12. Property Selection and Ordering. Purchaser has selected or will select the type and quantity of the Property purchased hereunder. Corporation shall not be liable for, nor shall the validity, enforceability or effectiveness of this Installment Sale be affected by, any delay in or failure of delivery of the Property; provided, however, that the Installment Sale Proceeds shall not be disbursed to the Supplier until Purchaser has completed the Certificate of Acceptance for the Property and delivered the same to Corporation. Purchaser acknowledges that it is solely responsible for determining the suitability of the Property for its intended use. Corporation shall have no duty to inspect the Property. If the Property is not properly installed, does not operate as represented or warranted by the Supplier, or is unsatisfactory for any reason, Purchaser shall make any claim on account thereof solely against the Supplier. Purchaser hereby assumes the risks, burdens and obligations to the Supplier on account of nonacceptance of the Property.

SECTION 13. Disclaimer of Warranty. CORPORATION NOT BEING THE MANUFACTURER OR SUPPLIER OF THE PROPERTY NOR A DEALER IN SIMILAR PROPERTY, HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION, WARRANTY, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE DESIGN, DURABILITY, FITNESS FOR USE, SUITABILITY, OR MERCHANTABILITY OF THE PROPERTY IN ANY RESPECT, AND AS BETWEEN CORPORATION AND PURCHASER, ALL PROPERTY SHALL BE ACCEPTED AND PURCHASED BY PURCHASER "WHERE IS," "AS IS," AND "WITH ALL FAULTS," AND CORPORATION SHALL NOT BE RESPONSIBLE FOR ANY PATENT OR LATENT DEFECTS THEREIN. PURCHASER AGREES TO SETTLE DIRECTLY SUCH CLAIMS WITH THE SUPPLIER AND WILL NOT ASSERT ANY SUCH CLAIMS AGAINST CORPORATION.

SECTION 14. Alterations and Attachments. All additions and improvements that are made to the Property shall belong to and become the property of Purchaser and part of the Property subject to the security interest of Corporation except that separately identifiable attachments added to the Property by Purchaser may remain the property of Purchaser and not subject to this Installment Sale as long as (i) the attachment is paid for in full by Purchaser and (ii) Purchaser agrees to remove the attachment and restore the Property to

substantially as good condition as when received, normal wear and tear excepted, if and when the Property may be returned to Corporation.

SECTION 15. Relocation. Purchaser shall utilize the Property within its jurisdictional boundaries and outside of those boundaries to the extent necessary to fulfill its governmental purpose. Purchaser assumes all risks of loss to the Property attendant to its movement and relocation. The Property location shall be under Purchaser's full control for its own governmental purpose.

Deleted: provide Corporation prior written notice of its intent to relocate the Property

SECTION 16. Maintenance and Repairs. Purchaser, at its own cost and expense, shall furnish necessary labor and materials to maintain the Property in good repair, condition, and working order. Purchaser's obligations to maintain the Property does not relieve the Supplier of its responsibility to fully perform with respect to all applicable Property warranties and guarantees.

SECTION 17. Risk of Loss; Damage; Destruction. With the exception of acts resulting from intentional misconduct or gross negligence by Corporation, its agents and representatives, Purchaser hereby assumes and shall bear the entire risk of loss and damage to the Property from any and every cause whatsoever. No loss or damage to the Property or any part thereof shall impair any obligation of Purchaser under this Installment Sale, which shall continue in full force and effect.

SECTION 18. Physical Damage/Public Liability Insurance. Purchaser shall keep the Property insured, as nearly as practicable, against risk of loss or damage from any peril covered under an "all-risk" insurance policy for not less than the replacement value thereof, and Purchaser shall carry public liability and property damage insurance covering the Property. All said insurance shall be in form and amount and with reputable companies and shall name Corporation as an additional insured and loss payee. Purchaser shall pay the premiums therefore and deliver certification of said policies to Corporation. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to Corporation, that it will give Corporation thirty (30) days' written notice before the policy or policies shall be altered or canceled. The proceeds of such insurance, at the option of Purchaser, shall be applied: (a) toward the replacement, restoration, or repair of the Property, or (b) toward payment of the total remaining obligations of Purchaser hereunder; provided, however, that Purchaser shall be responsible for the amount by which such insurance proceeds are insufficient to satisfy the cost of option (a) or option (b) above, as applicable. Should Purchaser replace, restore, or repair the Property as set out in option (a) above, this Installment Sale shall continue in full force and effect. Purchaser may self-insure up to specified limits as evidenced by a certificate of self insurance to be attached hereto in form and amount acceptable to Corporation. Any self-insurance program in which Purchaser is a participant shall comply with the provisions under this Installment Sale respecting cancellation and modification and payment of losses to the Corporation as its respective interests may appear. Such self-insurance shall be maintained on a basis which is actuarially sound as established by Purchaser's risk manager or an independent insurance consultant which determination shall be made annually. Any

deficiency shall be corrected within sixty (60) days of Purchaser becoming aware of such deficiency.

SECTION 19. Liens and Taxes. Purchaser shall keep the Property free and clear of all levies, liens, and encumbrances and shall promptly pay all fees, assessments, charges, and taxes (municipal, state and federal), including personal property taxes, which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession, or use of the Property, excluding, however, all taxes on or measured by Corporation's income.

SECTION 20. Indemnity. Subject to California law concerning contribution and enforceability of indemnifications, Purchaser shall indemnify Corporation against and hold Corporation harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including attorneys' fees, arising out of, connected with or resulting from the selection, possession, use, operation, or return of the Property excepting that Purchaser shall not be required to indemnify Corporation in the event that such liability or damages are caused by the gross negligence or intentional misconduct of Corporation, its agents or representatives.

SECTION 21. Events of Default. The term "Event of Default", as used in this Installment Sale, means the occurrence of any one or more of the following events: (a) Purchaser fails to make any Installment Payment (or any other payment) within fifteen (15) days after the due date thereof or Purchaser fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure to either make the payment or perform the covenant, condition or agreement is not cured within ten (10) days after written notice thereof by Corporation provided, however, that no Event of Default shall be deemed to occur in the event Purchaser is not able to complete the cure of the designated failure within said ten (10) day period, so long as Purchaser commences the cure of the specified failure within that ten (10) day period and thereafter pursues completion of that cure with reasonable diligence; (b) Corporation discovers that any statement, representation or warranty made by Purchaser in this Installment Sale, the Schedule or in any document ever delivered by Purchaser pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect; or (c) Purchaser becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of Purchaser or of all or a substantial part of its assets, or a petition for relief is filed by Purchaser under federal bankruptcy, insolvency or similar laws.

SECTION 22. Remedies. Upon Purchaser's failure to cure an Event of Default within ten (10) days after the Corporation's written notice thereof or failure to commence and reasonably pursue such a cure as specified in subdivision (a) of Section 21, above, Purchaser's rights under this Installment Sale shall terminate and Corporation will become entitled to retain all Installment Payments previously paid and to declare the principal component of all remaining Installment Payments, together with accrued interest at the rate specified in the Schedule from the immediately preceding Installment Payment date upon which



payment was made, to be immediately due and payable, whereupon the same shall become due and payable. The Corporation may also pursue all of its available remedies at law and in equity including, but not limited to, the repossession and sale of the Property. No right or remedy conferred upon Corporation is exclusive of any other right or remedy, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

SECTION 23. Non-Waiver. No covenant or condition to be performed by Purchaser under this Installment Sale can be waived except by the written consent of Corporation. Forbearance or indulgence by Corporation in any regard whatsoever shall not constitute a waiver of the covenant or condition in question. Until performance by Purchaser of said covenant or condition is complete, Corporation shall be entitled to invoke any remedy available to Corporation under this Installment Sale or by law or in equity despite said forbearance or indulgence.

SECTION 24. Assignment. Purchaser shall not (a) assign, transfer, pledge, or hypothecate this Installment Sale, the Property, or any part thereof, or any interest therein, or (b) lease or lend the Property or any part thereof except with the prior written consent of Corporation which, in the case of leasing, shall not be unreasonably withheld; provided such leasing shall not affect the tax-exempt status of the interest components of the Installment Payments payable by Purchaser hereunder. No such pledge, assignment, lease or any other transfer shall in any event affect or reduce the obligation of Purchaser to make the Installment Payments due hereunder. Consent to any of the foregoing acts applies only in the given instance and is not a consent to any subsequent like act by Purchaser or any other person. Corporation shall not assign its obligations under this Installment Sale with the exception of its obligation to issue default notices and its obligations pursuant to Section 28. Corporation may assign its right, title and interest in this Installment Sale, the Installment Payments and other amounts due hereunder and the Property in whole or in part to one or more assignees or subassignees at any time, without the consent of Purchaser. Any such assignment by Corporation or its assigns shall comply with the requirements of Sections 5950-5955 of the California Government Code. No such assignment shall be effective as against Purchaser unless and until Corporation shall have filed with Purchaser a copy of such assignment or written notice thereof. Purchaser shall pay all Installment Payments hereunder pursuant to the direction of Corporation or the assignee named in the most recent assignment or notice of assignment filed with Purchaser. During this Installment Sale term, Purchaser shall keep a complete and accurate record of all such assignments or notices of assignment. Subject to the foregoing, this Installment Sale inures to the benefit of, and is binding upon, the successors and assigns of the parties hereto.

SECTION 25. Ownership. The Property is and shall at all times be and remain the sole and exclusive property of Purchaser, subject to the security interest of Corporation. Corporation shall take all actions necessary to insure that legal title to the Property being

acquired by Purchaser hereunder, whether by Purchaser or by a third party acting on behalf of Purchaser, is vested in Purchaser.

SECTION 26. Personal Property. The Property is and shall at all times be and remain personal property notwithstanding that the Property or any part thereof may now be or hereafter become in any manner affixed or attached to or imbedded in, or permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise.

SECTION 27. Prepayment Option. If Purchaser is not in default of any term, condition or payment specified hereunder, Purchaser may exercise options to prepay this Installment Sale for not less than all of the Property in "as-is" and "where-is" condition on the specified dates and for the specified amounts set forth in the Schedule. Each prepayment option payment specified for a particular date is in addition to the Installment Payment due on the same date.

SECTION 28. Release of Liens. Upon Purchaser either making all of the Installment Payments scheduled herein or making a prepayment option payment, Corporation, its successors or assigns shall cause the release of all liens, encumbrances or security interests on the Property created pursuant to Corporation's rights under this Installment Sale.

SECTION 29. Tax Covenants.

(a) Generally. Purchaser shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Installment Payments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. Purchaser shall assure that the Installment Sale Proceeds are not so used as to cause this Installment Sale to satisfy the private business tests of Section 141(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or the private loan financing test of Section 141(c) of the Code.

(c) No Arbitrage. Purchaser will not take any action or omit to take any action which action or omission, if reasonably expected on the date of this Installment Sale, would have caused this Installment Sale to be an "arbitrage bond" within the meaning of Section 148(a) of the Code of the Internal Revenue Code of 1986 (as amended) (the "Code").

(d) Federal Guarantee Prohibition. The Installment Payments are not directly guaranteed or indirectly guaranteed in whole or in part by the United States or any agency or instrumentality of the United States so as to cause the Installment Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Reimbursement Regulations. The Installment Sale Proceeds used for reimbursement of prior expenditures will be made pursuant to and in compliance with Income Tax Regulations Section 1.150-2.

(f) Bank Qualified. Purchaser hereby designates this Installment Sale for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Installment Sale, has been or will be issued by Purchaser, including all subordinate entities of Purchaser, during calendar year 2008.

SECTION 30. Extraordinary Costs. In the case of litigation, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including attorneys' fees (which may be the allocable cost of in-house counsel), incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions or provisions hereof.

SECTION 31. Severability. If any provision of this Installment Sale shall be held invalid or unenforceable by a court of competent jurisdiction, such holdings shall not invalidate or render unenforceable any other provision of this Installment Sale, unless elimination of such provision materially alters the rights and obligations embodied in this Installment Sale.

SECTION 32. Entire Agreement. This Installment Sale, the Schedule, and any agreements that specifically refer to this Installment Sale that are duly executed by authorized agents of the parties hereto constitute the entire agreement between Corporation and Purchaser, and it shall not be further amended, altered, or changed except by a written agreement that is properly authorized and executed by the parties hereto.

SECTION 33. Notices. Service of all notices under this Installment Sale shall be sufficient if given personally or mailed to the party involved at its respective address hereinafter set forth or at such address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

SECTION 34. Titles. The titles to the Sections of this Installment Sale are solely for the convenience of the parties and are not an aid in the interpretation thereof.

SECTION 35. Further Assurances and Corrective Instruments. Corporation and Purchaser agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be reasonably required for correcting any inadequate or incorrect description of the Property hereby purchased or intended so to be or for carrying out the expressed intention of this Installment Sale.

SECTION 36. Execution in Counterparts. This Installment Sale may be executed in several counterparts, each of which shall be original and all of which shall constitute but one and the same instrument.

SECTION 37. Time. Time is of the essence in this Installment Sale and each and all of its provisions.

SECTION 38. Agreement Interpretation. This Installment Sale and the rights of the parties hereunder shall be determined in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused their authorized agents to execute this Installment Sale on the dates specified below.

MUNICIPAL FINANCE CORPORATION  
23945 Calabasas Road, Suite 103  
Calabasas, CA 91302  
(seller)

KINNELOA IRRIGATION DISTRICT  
1999 Kinclair Drive  
Pasadena, CA 91107  
(purchaser)

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

INSTALLMENT SALE SCHEDULE #07-049

This Schedule is issued pursuant to the Installment Sale Agreement #07-049 dated as of January 15, 2008 by and between the undersigned.

- A. Property Location: See Property Description/Location List
- B. Property Description: See Property Description/Location List
- C. Name and Address of Supplier:  
See Property Description/Location List
- D. Installment Sale Proceeds Summary:

Property Cost: \$100,000.00  
(net of capital contribution)

Installment Sale Proceeds: \$100,000.00

Deleted: Sales Tax: .  
Less Capital Contribution: .

E. Installment Term. The full term of this Schedule is for a period commencing on the date Purchaser receives the Installment Sale Proceeds and concluding sixty (60) months thereafter.

F. Installment Payments. Installment Payments for this Schedule are due in five (5) consecutive annual payments in accordance with the Payment Schedule herein. Each payment includes interest at the rate of 4.75% per annum on the principal component of the unpaid Installment Payments.

G. Installment Acquisition Cost. The cost for Purchaser to acquire the Property over the full specified term of this Schedule is \$114,690.45.

H. Payment Schedule: Payable annually in arrears

#07-049

PMT #	Due Date	Installment Payment	Prepayment Option	To Principal	To Interest
1		\$22,938.09	83,857.21	\$18,188.09	4,750.00
2		22,938.09	64,328.89	19,052.02	3,886.07
3		22,938.09	43,872.96	19,957.00	2,981.09
4		22,938.09	22,445.39	20,904.95	2,033.14
5		22,938.09	0.00	21,897.94	1,040.15
TOTALS:		<u>\$114,690.45</u>		<u>\$100,000.00</u>	<u>\$14,690.45</u>

Approved and agreed to:

MUNICIPAL FINANCE CORPORATION  
(seller)

KINNELOA IRRIGATION DISTRICT  
(purchaser)

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Installment Sale Agreement #07-049 dated January 15, 2008

Property Description/Location/Supplier List

ASSIGNMENT OF INSTALLMENT SALE AGREEMENT #07-049

FOR VALUE RECEIVED, MUNICIPAL FINANCE CORPORATION ("Corporation") as assignor without recourse does hereby sell, assign, and transfer to CITIZENS BUSINESS BANK ("Assignee") as assignee and its successors and assigns (i) all of its right, title and interest in and to the attached Installment Sale Agreement #07-049 dated January 15, 2008 between the Corporation as seller and KINNELOA IRRIGATION DISTRICT ("Purchaser") as purchaser (hereinafter said agreement and any supplements, amendments, additions thereof and any extension or renewals thereof is referred to as the "Installment Sale") and (ii) all moneys, sums and amounts now due or hereinafter to become due under the Installment Sale. Corporation represents that the Installment Sale and Installment Sale Schedule(s) delivered to Assignee are the only duly executed originals and comprise the entire writing, obligation and agreement between Corporation and Purchaser.

Corporation further represents and warrants that it has made no prior sale or assignment of any interest covered hereby; that the Installment Sale is genuine and in all respects is what it purports to be; that Assignee shall not be liable for and does not assume responsibility for the performance of any of the covenants, agreements, or obligations specified in the Installment Sale to be kept, paid or performed by Corporation with exception of Assignee's obligation to issue notices upon Purchaser's default of the Installment Sale. Corporation further represents and warrants that as of the date this assignment is made, the Installment Sale is in full force and effect, has not been amended except as set forth in instrument delivered to Assignee and Purchaser is not in default of any terms thereunder.

Corporation hereby constitutes and irrevocably appoints Assignee the true and lawful attorney of Corporation to demand, receive and endorse payments and to give receipts, releases and satisfactions either in the name of Assignee or in the name of Corporation in the same manner and with the same effect as Corporation could do if this Assignment of Installment Sale Agreement had not been made. Within fifteen (15) days after receiving its full bargain with respect to each Schedule covered hereby, Assignee shall cause to be released to Purchaser its vested interest in the Property thereto.

This Assignment of Installment Sale Agreement shall be construed and governed in accordance with the laws of the State of California. Any provision of this Assignment of Installment Sale Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment of Installment Sale Agreement.

This Assignment shall be binding upon and inure to the benefit of the parties and their respective successors and assigns and is made in accordance with the Municipal Lease Placement Agreement dated as of January 1, 1999, as amended, entered into between Corporation and Assignee. In the case of litigation, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including attorneys' fees which may be the allocable cost of in-house counsel, incurred by the prevailing party in exercising any of its



rights or remedies hereunder or enforcing any of the terms, conditions, or provisions hereof.

IN WITNESS WHEREOF, Corporation has caused this Assignment of Installment Sale Agreement to be executed by its duly authorized agent on the date specified below.

MUNICIPAL FINANCE CORPORATION  
(assignor)

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

ACKNOWLEDGEMENT OF ASSIGNMENT

The undersigned hereby acknowledges the assignment by MUNICIPAL FINANCE CORPORATION over to CITIZENS BUSINESS BANK of that certain Installment Sale Agreement #07-049 dated as of January 15, 2008 (the "Installment Sale"), entered into between MUNICIPAL FINANCE CORPORATION as seller and the undersigned as purchaser.

With respect to the Installment Sale, the undersigned agrees to pay, commencing with the first scheduled Installment Payment, all installments and moneys due or to become due under said Installment Sale to CITIZENS BUSINESS BANK, 701 North Haven Avenue, Suite 250, Ontario, CA 91764 and further agrees it shall have no counterclaim or offset against installments due thereunder as to said Assignee and expressly further agrees that said Assignee shall not (except for the obligations specifically set forth in the foregoing Assignment of Installment Sale) be liable for any of the obligations or burdens of the seller under said Installment Sale.

IN WITNESS WHEREOF, the purchaser has caused this Acknowledgment of Assignment to be executed by its authorized agent on the date specified below.

KINNELOA IRRIGATION DISTRICT  
(purchaser)

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

CERTIFICATE OF ACCEPTANCE #07-049

This Certificate of Acceptance is issued pursuant to the Installment Sale Agreement #07-049 dated as of January 15, 2008 ("Installment Sale") between the KINNELOA IRRIGATION DISTRICT ("Purchaser") as Purchaser and MUNICIPAL FINANCE CORPORATION ("Corporation") as seller. Purchaser hereby acknowledges as of the date specified below, the receipt, inspection and acceptance of the Property described on Installment Sale Schedule #07-049.

Purchaser hereby certifies that the Property has been inspected, is now in Purchaser's possession and is in good order and repair (subject to any undischarged vendor/contractor warranty obligations). Purchaser further certifies that no event has occurred and is continuing which constitutes, or would constitute, an event of default but for any requirement of notice or lapse of time or both.

Property Acceptance Date: \_\_\_\_\_, \_\_\_\_\_.

IN WITNESS WHEREOF, Purchaser's authorized agent confirms the Property acceptance date by executing this Certificate of Acceptance.

KINNELOA IRRIGATION DISTRICT  
(Purchaser)

By \_\_\_\_\_

Title \_\_\_\_\_

CERTIFICATE OF PURCHASER #07-049

The undersigned, duly authorized representative of Kinneloa Irrigation District ("Purchaser") as Purchaser under that Installment Sale Agreement #07-049 dated as of January 15, 2008 ("Installment Sale") with Municipal Finance Corporation as seller, hereby certifies as follows:

1. I have been duly authorized to execute and deliver, on behalf of Purchaser, the Installment Sale and related documents pursuant to a resolution adopted by Purchaser's governing body, which resolution is in full force and effect and has not been amended, modified, supplemented or rescinded as of the date hereof.
2. Purchaser has complied with all agreements and covenants and satisfied all conditions contemplated by the Installment Sale on its part to be performed or satisfied on or before the date hereof.
3. The representations, warranties and covenants of Purchaser contained in the Installment Sale are true and correct in all material respects as of the date hereof, as if made on this date.
4. No litigation is pending or, to the best of my knowledge, threatened (either in state or federal courts) (a) to restrain or enjoin the issuance and delivery of the Installment Sale or the collection of revenues to be used to meet Purchaser's obligations under the Installment Sale; (b) in any way contesting or affecting the authority for the execution or delivery of the Installment Sale, or the validity of the Installment Sale; (c) in any way contesting the existence or powers of Purchaser, as such existence or powers in any way relate to the issuance of the Installment Sale or Purchaser's obligations under the Installment Sale, or (d) could materially adversely affect the financial position of Purchaser.
5. The Property being purchased pursuant to the Installment Sale is essential to the function of Purchaser and is immediately needed by Purchaser. Such need is neither temporary nor expected to diminish during the Installment Sale term. The Property is expected to be used by Purchaser for a period in excess of the Installment Sale term.
6. Purchaser's federal tax identification number is \_\_\_\_\_.
7. That for calendar year 2008 and including the Information Return for Tax-Exempt Governmental Obligations Form 8038-G filed with the Internal Revenue Service for the Installment Sale, Purchaser has filed \_\_\_\_\_ Information Return Form(s) 8038-G with the Internal Revenue Service.

The meaning of the capitalized terms in this Certificate are the same as those provided in the Installment Sale.

By \_\_\_\_\_

Date \_\_\_\_\_

INCUMBENCY AND SIGNATURE CERTIFICATE

I do hereby certify that I am the duly appointed and acting Secretary/Clerk of the Kinneloa Irrigation District, an irrigation district validly existing under the Constitution and laws of the State of California ("Purchaser"), and that, as of the date hereof, the individual named below is the duly appointed officer of Purchaser holding the office set forth opposite his/her respective name. I further certify that (i) the signature set forth opposite his/her respective name and title is true and authentic and (ii) such officer has the authority on behalf of Purchaser to enter into that certain Installment Sale Agreement #07-049 dated January 15, 2008, between Purchaser and Municipal Finance Corporation, and all documents relating thereto.

Name

Title

Signature

\_\_\_\_\_

IN WITNESS WHEREOF, I have duly executed this certificate hereto this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Secretary/Clerk

\*SAMPLE ONLY\*  
(PLEASE PREPARE ON COUNSEL'S LETTERHEAD  
AND FORWARD 1 ORIGINAL TO ADDRESSEE)

MUNICIPAL FINANCE CORPORATION  
23945 Calabasas Road, Suite 103  
Calabasas, CA 91302

RE: Installment Sale Agreement #07-049 dated as of January 15, 2008 by and between MUNICIPAL FINANCE CORPORATION, ("Corporation") as seller, and KINNELOA IRRIGATION DISTRICT ("Purchaser") as purchaser.

Ladies and Gentlemen:

I have acted as counsel to Purchaser with respect to the Installment Sale Agreement described above (the "Installment Sale") and in this capacity have reviewed a copy of the executed Installment Sale and related documents or exhibits attached thereto. Based upon the examination of these and such other documents as I deem relevant, it is my opinion that:

1. Purchaser is an irrigation district and political subdivision of the State of California (the "State"), duly organized, existing and operating under the Constitution and laws of the State.

2. Purchaser is authorized and has the power under applicable law to enter into the Installment Sale, and to carry out its obligations thereunder and the transactions contemplated thereby.

3. The Installment Sale has been duly authorized, approved, executed and delivered by and on behalf of Purchaser, and is a legal, valid and binding contract of Purchaser enforceable in accordance with its terms, except to the extent limited by State and Federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditor's rights.

4. A resolution duly authorizing the execution and delivery of the Installment Sale and related documents was duly adopted by the governing body of Purchaser on \_\_\_\_\_ and such resolution has not been amended or repealed and remains in full force and effect.

MUNICIPAL FINANCE CORPORATION

RE: Installment Sale Agreement #07-049 dated as of January 15, 2008 by and between MUNICIPAL FINANCE CORPORATION, ("Corporation") as seller, and KINNELOA IRRIGATION DISTRICT ("Purchaser") as purchaser.

(Date)

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5. There is no litigation, action, suit or proceeding pending or, to the best of my knowledge after due inquiry, threatened before any court, administrative agency, arbitrator or governmental body that challenges the authority of Purchaser to enter into the Installment Sale or the ability of Purchaser to perform its obligations under the Installment Sale and the transactions contemplated thereby.

This opinion may be relied upon by Municipal Finance Corporation, its successors and assigns.

Dated: \_\_\_\_\_ Very truly yours,

Please type name and title under signature.

INSURANCE AUTHORIZATION LETTER

TO: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

RE: Installment Sale Agreement #07-049 dated January 15, 2008 between the undersigned as Purchaser, and MUNICIPAL FINANCE CORPORATION as seller and CITIZENS BUSINESS BANK as Assignee of seller.

The Insurance Requirements listed below are required to cover property described as follows:

All Property covered by Installment Sale Agreement #07-049 and further described as two utility vehicles and related equipment

Evidence of insurance in the form of a binder or cover letter is acceptable until formal certificates can be issued. Mail this within five (5) working days to:

CITIZENS BUSINESS BANK  
c/o Municipal Finance Corporation  
23945 Calabasas Road, Suite 103  
Calabasas, CA 91302

I. BODILY INJURY AND PROPERTY DAMAGE:

- A. \$1,000,000 combined limits (primary plus umbrella) for Bodily Injury and Property Damage Coverage.
- B. Endorsement naming Assignee as an Additional Insured.
- C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
- D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment purchased from Assignee."

II. PHYSICAL DAMAGE REQUIREMENTS:

- A. All Risk Coverage for not less than the total cost of \$100,000.00.
- B. Endorsement naming Assignee as Loss Payee.
- C. Endorsement giving Assignee thirty (30) days written notice of any cancellation, reduction, or alteration of coverage.
- D. Endorsement stating: "It is understood and agreed that this insurance is primary insurance insofar as it relates to any and all equipment purchased from Assignee."

The undersigned Purchaser hereby authorizes you to provide the seller and Assignee with Certificates and Endorsements per the above.

KINNELOA IRRIGATION DISTRICT

By \_\_\_\_\_

Date \_\_\_\_\_



SELF-INSURANCE CERTIFICATE #07-049

This self insurance certificate is issued pursuant to that certain Installment Sale Agreement dated January 15, 2008 ("Installment Sale") by and between Municipal Finance Corporation ("Corporation"), a corporation duly organized and operating under the laws of the State of California as seller and the Kinneloa Irrigation District, an irrigation district duly organized and existing under the laws of the State of California ("Purchaser") as purchaser. The undersigned Purchaser provides this Certificate as a description of its self-insurance program.

1. Property Insurance

Purchaser is self-insured for damage or destruction to the Property. YES NO (circle one)

If yes, the dollar amount limit for property damage to the Property under the Purchaser's self-insurance program is \$ \_\_\_\_\_

The Purchaser maintains an umbrella insurance policy for claims in excess of Purchaser's self-insurance limits for property damage to the Property as indicated above. YES NO (circle one)

If yes, the umbrella policy provides coverage for all risk property damage. YES NO (circle one)

If yes, the dollar limit for property damage to the Property under such umbrella policy is \$ \_\_\_\_\_

Name of self-insurance consortium (if applicable) \_\_\_\_\_

2. Liability Insurance

Purchaser is self-insured for liability or death of any person or damage or loss arising out of or relating to the condition or operation of the Property. YES NO (circle one)

If yes, the dollar amount limit for liability coverage on the Property under the Purchaser's self-insurance program is \$ \_\_\_\_\_

The Purchaser maintains an umbrella insurance policy for claims in excess of Purchaser's self-insurance limits for liability including injury or death of persons or damage to property as indicated above. YES NO (circle one)

If yes, the umbrella policy provides coverage for liabilities for injury and death to persons as well as damage or loss of property arising out of or relating to the condition of the Property. YES NO (circle one)

If yes, the dollar amount of the umbrella policy's limits for such liability coverage is

\$ \_\_\_\_\_

Name of self-insurance consortium (if applicable) \_\_\_\_\_

3A. Purchaser maintains a self-insurance fund. YES NO (circle one)

If yes, please complete the following:

Moneys in the self-insurance fund are subject to annual appropriation. YES NO (circle one)

The total amount maintained in the self-insurance fund to cover Purchaser's self-insurance liabilities is \$ \_\_\_\_\_

Amounts paid from the Purchaser's self-insurance fund are subject to limitations for each claim. YES NO (circle one)

If yes, the dollar amount of limit per claim is \$ \_\_\_\_\_.

3B. If Purchaser does not maintain a self-insurance fund, please complete the following:

Purchaser obtains funds to pay claims for which it has self-insurance from the following sources:

\_\_\_\_\_  
The limitations on the amounts payable from the sources for claims are as follows:

\_\_\_\_\_

4. The following entity or officer has authority to authorize payment for claim: \_\_\_\_\_

In the event the entity or officer in the prior response denies payment of a claim, does the claimant have recourse to another administrative officer, agency or the courts? YES NO (circle one)

If yes, to whom does the claimant have recourse? \_\_\_\_\_

IN WITNESS WHEREOF, Purchaser has caused this Certificate to be executed and delivered by its duly authorized officer as of the date below written.

KINNELOA IRRIGATION DISTRICT

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_







# Memo

Date: 2/13/08  
To: Board of Directors  
From: Melvin L. Matthews  
Subject: Pipeline Engineering Costs

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During the engineering of the New York Drive main extension, Director Griffith inquired whether or not it was the policy of the District to design and prepare profile drawings of our pipeline projects. I informed the board that we have never done this on our pipeline projects because the cost would be significant. Furthermore, I stated that it is not a standard practice in our industry to provide profiles. Nevertheless, I agreed to determine what the cost would be on our next project and report back to the Board.

The total cost for the engineering of the Kinneloa Mesa pipeline project and preparation of the plans and specifications was estimated to be \$30,000. I asked SA Associates to provide a breakdown of the costs:

Engineering and Plans and Specifications	\$13,000
Profile Engineering and Drawings	\$11,000
<u>Hydraulic Analysis</u>	<u>\$ 7,000</u>
Total	\$30,000

As you can see the profile is a significant expense. Shan explained to me that there is a great deal of field work and research required to produce these drawings and that is why the engineering cost is nearly doubled.

It is the staff's recommendation that we proceed on the Kinneloa Mesa project without the profile work; and since there has been no significant change in the system configuration to suspect that the hydraulic analysis that was previously done is no longer valid, we also recommend foregoing that cost as well.

## Kinneloa Irrigation District Project List

Project Priority	Project Name	Project Description	Est. Cost	Board Approval	Estimated Completion
1	Mesa Pipeline Eng.	Engineer replacement pipeline for Kinneloa Mesa	30,000	approved	3/31/2008
2	Holly Clortec	Replace Uniclor with Chlortec and add SCADA alarms	13,000	approved	3/31/2008
3	Remote Meter Read	Purchase 60 transponders & registers	9,000	approved	3/31/2008
4	Glen Transfer Switch	Install generator transfer switch at Glen Reservoir	8,065	approved	3/31/2008
5	SCADA Software	Upgrade SCADA software to current version	15,000	requested	6/30/2008
6	Brown SCADA	Install SCADA at Brown Reservoir	12,000	requested	6/30/2008
7	Truck Replacement	Replace '89 truck with 1 ton with service body and liftgate	47,850		
8	Mesa Pipeline Const.	Install 2 or more lines per Master Plan	150,000		
9	Eye Wash Stations	Install additional eye wash stations at 6 locations	9,000		
10	Meter Read Software	Purchase additional software for retrieving customer history	1,500		
11	Reservoir Roofs	Apply protective sealer to 6 reservoir roofs	30,000		
12	Wilcox SCADA	Install Veris Electric Meter	7,220		
13	SCADA Radio	Install radio diagnostics on office SCADA computer	1,000		
14	Instrusion Alarms	Install alarms on doors at K-3, Eucalyptus, Wilcox and Holly	10,000		
15	Wilcox Pump Stand	Repair and paint Wilcox pump stand	no quote		
16	Generator #1	50 KW portable generator for Glen Reservoir	18,000		
17	Reservoir Inspection	Video inspection of Brown & Glen reservoirs (5 year plan)	5,500		
18	Wilcox 50 HP Motor	Replace existing with high-effiecnecy water lubricated motor	10,000		
19	Acquire Easements	2150 Kinclair, 2044 Picadilly, #4 Cricklewood (fire hydrants)	unknown		
20	Generator Cables	Purchase cables and quick-disconnects for each facility	22,125		
21	Brown Flo-Loc	Install Flo-Loc at Brown Reservoir	15,000		
22	Wilcox Res.Trans Switch	Install generator transfer switch at Wilcox Reservoir	8,575		
23	Generator #2	250 KW portable generator for Wilcox Reservoir	40,000		
24	Office Trans. Switch	Install generator transfer switch at Office	5,824		
25	Generator #3	50 KW portable generator for Office	18,000		
<b>TOTAL</b>			486,659		

# News from the KID

Kinneloa Irrigation District

March 2008

## **YES IT'S RAINING....BUT CALIFORNIA'S WATER CRISIS IS STILL A SERIOUS ISSUE**

The Kinneloa Irrigation District is the only water company in the San Gabriel Valley that is self-sufficient using its local groundwater rights so that we do not need to purchase imported water except in emergencies; but that doesn't mean that California's water crisis is not a concern for the District or its customers. Here are some facts for your information and consideration:

1. The water level in the Raymond Basin Aquifer, which is the natural underground water storage basin underlying the greater Pasadena area, has been declining three feet per year on average for the past decade. This is the source for up to 50-75% of our groundwater supply. Our water rights are meaningless if the levels decline below the pumping level of our current wells.
2. Our man-made water tunnels, which collect water percolating down through the San Gabriel Mountains, provide 25-50% of our groundwater supply. The quantity from this source is totally dependent on the long-term average rainfall. Since

*continued on page 2*

## **AUTOMATIC PAYMENT PLAN AVAILABLE**

Take advantage of our automatic payment plan and be assured that your account is always paid on time even if you are on vacation. You will still receive a monthly statement to keep track of your water usage and know the amount that will be debited from your bank account later in the month. Call 626-797-6295 today to request an application.

## **NEW YORK DRIVE WATER MAIN CONSTRUCTION COMPLETED**

The current service area of the Kinneloa Irrigation District is a combination of two formerly distinct physically areas separated by the Wilcox Canyon. The District constructed an interconnection at the top of Sierra Madre Villa Avenue when the District acquired the previous water companies serving the eastern portions in the 1970s. However, the principle wells and reservoirs serving the west and east portions were not interconnected until the recent completion of a water main in New York Drive between Eaton Canyon Drive and the Wilcox Reservoir.

### **SYSTEM RELIABILITY IMPROVED**

This project was one of more than twenty five projects identified in the KID's \$5 million Water Master Plan which was originally prepared in 2000 and revised in 2005 to address deficiencies in the water system infrastructure and to serve as a blueprint for recommend projects to improve the reliability and emergency preparedness of the District in future years. The Board of Directors approved another revision of this plan at the January 2008 board meeting. This plan can be viewed by clicking on the link on the documents page at the District's web site at: <http://www.kinneloairrigationdistrict.info>

The 1,100-foot pipeline is an extension of the existing New York Drive main that was completed in 2004. The project completes a vital missing link that now allows the transfer of water at the lower elevations of the system as well as at the existing transfer point at the upper portion of the system. This provides the ability to move water from one side of the system to the other for operational efficiency as well as the increased availability of reservoir storage to the entire system when needed in an emergency.

The pipeline was constructed by the Stephen Doreck Company of Long Beach which was awarded the project after a competitive bidding process that attracted more than twenty contractors throughout Southern California.

we are currently in a long-term drought, a single year of above average rainfall has virtually no affect on this source.

3. The availability of imported water is not guaranteed if we ever need to supplement our local supply.
4. The cost a drilling a new well could be \$1 million or more depending on the site and the required depth.
5. Imported water may not be available to replenish the Raymond Basin and stabilize the level.
6. A shortage of imported water would cause our neighboring water agencies to pump their maximum allocated amount rather than leaving the water in the ground for use in drought years. This would affect our pumping operations.
7. A shortage of imported water and/or a continued decline in water levels could lead to a court-ordered reduction or re-allocation of pumping rights in the Raymond Basin.
8. Local shortages or an extended drought might make it necessary for us to purchase imported water on a long-term basis at the going rate. The current cost of imported water is up to ten times more than the cost of our locally-produced water. Water rates would need to be increased to pay for the imported water.

**AND THE SOLUTION IS.....**

As with all complex problems, there is no single low-cost solution. So here are a few responses to stimulate your discussion on this serious problem. Hopefully the collective action from all the water agencies with the support of the federal and state governments and the people will get us headed in the right direction:

1. **Conserve, Conserve, Conserve.** All water agencies including the Kinneloa Irrigation District have asked their customers for a voluntary 10% reduction in consumption. Even though past requests for voluntary reductions have not been very effective, greater awareness of the problem might make it different this time around. Since most of us use 75-85% of our water on

landscaping and because overwatering is the norm, it is easy to accomplish this goal. Just take one or two minutes off each cycle on your sprinkler timer or water on three days a week rather than every day. Your plants will never notice the difference!

2. **Support the Governor’s water infrastructure proposal.** Reservoirs, dams, canals, levies and pipelines benefit all Californians. This is not a “north vs. south” issue. Adequate water at reasonable prices is the foundation of a strong economy for the entire state.
3. **Support the Foothill Water Coalition’s effort to secure funding from a variety of sources for the coalition’s “Foothill Water Supply Reliability Program.”** The WSPR, which includes several critical pipeline construction projects, will:
  - a. Modernize water supply systems by storing water underground in the local aquifers for future use.
  - b. Make local systems more reliable by diversifying water sources.
  - c. Enhance the efficiency and reliability of regional water delivery.
4. **Use Native and California-Friendly plants for your landscaping.** Visit [bewaterwise.com](http://bewaterwise.com) for suggested plants and other water-saving tips.
5. **Learn about the KID’s Capital Improvement Program.** Our annual net operating surplus is used for the KID’s capital improvement and planned maintenance programs. You are encouraged to come to our monthly board meetings to become better informed about the challenges we face in providing a reliable water supply at a reasonable cost.

# General Manager's Report

## February 19, 2008

### I. Projects

- A. Truck Replacement – Final assembly is in progress at Pacific Truck Equipment Company. Chris and I inspected the body prior to painting.





- B. Holly Chlorinator replacement project – The Clortec unit has been installed and is operational. This replace the two Uniclor units at this site. SCADA has been installed on the sodium hypochlorite tank and an intrusion alarm has been added to the building. The units that were removed will become spares for the Eucalyptus and Sage Reservoir sites.





- C. New York Drive 10-inch Main – Doreck has completed the project. One extra valve was installed at our request under a change order at a negotiated incremental cost. The retention amount will be paid after our final test and notice of completion. We will need to make some modifications to the valving at the Wilcox Reservoir and the SCADA system before the line is put into use. The line can be used manually if necessary until the automated system is in place.





- D. Pasadena Interconnect – The City Water Department is finally ready to proceed on the Fairpoint Street interconnect. We will be doing our preliminary work in the near future to facilitate the project. They are still waiting for a permit from the city’s public works department for the Ranch Top interconnection. ☺

## II. Field Operations

- A. Spare Parts for Wilcox and K-3 Well Pumps and Booster Pumps – Chris has completed an inventory of spare fuses, circuit breakers and relays for all sites and has ordered spares for all critical items.
- B. Delores Tunnel – The line that was damaged by a landside has been repaired and is back in service.
- C. New York Drive Fire Hydrant – The hydrant damaged by PAR Electric has been repaired. The bill has been submitted to PAR for reimbursement.

## III. Customer Correspondence and Service Issues for January

- A. None

## IV. Office Operations

### A. Delinquent Accounts

- 30 accounts received 10 day letters
- 8 accounts received 5 day letters
- 0 accounts received 24-hour shut off notice
- 0 accounts shut off

B. Replacement Computers – Two of the 10-year old office computers have been replaced with Dell Vostro 400 minitowers with the Microsoft Vista Business operating system. The purchase included updated versions of Microsoft Office and Adobe Acrobat software to replace the Office 97 and Adobe Acrobat 4.0 versions on the previous computers.

## V. Meetings and Conferences

A. Foothill Municipal Water District Monthly Managers' Meeting – Discussed expected MWD allocation cutbacks. Discussed interconnect with Los Angeles DWP on the west side. Scheduled workshop on conservation issues.

B. ACWA Region 8 – The initial meeting of the Region 8 Board was held via conference call. In the addition to serving on the Board, I will be the Region 8 representative on the ACWA Finance Committee.



**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF THE  
KINNELOA IRRIGATION DISTRICT  
January 15, 2008**

**MEMBERS PRESENT:** Directors Barkhurst, Griffith, Kilburn, Pickard and Sorell

**STAFF PRESENT:** Chris Burt, Facilities Supervisor  
Shirley Burt, Administrative Assistant  
Melvin Matthews, General Manager

**CALL TO ORDER:** The Meeting was called to order by the Chair, **Richard Barkhurst**, at 1930 hours. The Agenda was unanimously approved as presented.

**PUBLIC COMMENT:** No members of the public were present.

**APPROVAL OF RESOLUTION 2008-01-15 – TRUCK FINANCE AGREEMENT**

The **General Manager** stated that the resolution is being presented to the Board because the lending agency requires approval of the agreement by the Board of Directors. He explained that the loan amount is for \$100,000 at 4.75 % which covers the cost of both trucks with some funds to spare.

**Director Kilburn** questioned as to who had written the agreement and the **General Manager** replied that it was written by Municipal Finance Corporation.

**Director Sorell** noted that it establishes receipt of funds on a reimbursement basis from the proceeds.

**Director Barkhurst** questioned whether it was clear that this involved two separate amounts at two different times and the General manager replied that was understood.

**Director Barkhurst** stated that he felt a letter of clarification should be received from the lending agency regarding this and the **General Manager** stated that he would ask for that.

**Director Griffith** questioned as to whether the District's legal counsel had reviewed the Agreement and the **General Manager** stated that it had not been reviewed by legal counsel.

**Director Griffith** questioned whether the loan could be paid off at any time and the **General Manager** replied that it could .

**Director Barkhurst** stated that he wanted clarification that the 4.75% interest rate was per annum over the five years of the agreement and that there would be two separate amounts at two different times.

It was M/S/C-(Kilburn/Sorell-5/0)

**“That the resolution be approved as presented after the clarification requested by Director Barkhurst is received.”**

**APPROVAL OF REIMBURSEMENT EXPENSE – HOLLY PIPELINE**

The **General Manager** explained that in March of 2006 a District water line broke on the edge of a slope adjacent to the Holly Tanks causing extensive hillside damage to Mr. Lorant's property as well as depositing a great deal of dirt down in his property. Following the incident the District obtained an estimate and Mr. Lorant obtained an estimate to repair the damage and

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF THE  
KINNELOA IRRIGATION DISTRICT  
January 15, 2008**

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**APPROVAL OF REIMBURSEMENT EXPENSE – HOLLY PIPELINE (cont.)**

because Mr. Lorant's estimate was substantially less the General Manager gave verbal agreement to have the work done by Mr. Lorant's firm thinking that this would also guarantee that the work would be done to Mr. Lorant's satisfaction. He further explained that there is no doubt as to the District's liability in the incident and that there were extenuating circumstances that delayed Mr. Lorant's submission of the billing in a timely manner.

**Director Griffith** asked if the District had done anything to mitigate this from happening again and the **General Manager** replied that if the proposed East West line was ever installed then this line could be abandoned but that at the present time due to the altitude of Mr. Lorant's property he has to be served by the line which comes from the East Tank Zone. He noted that the repair to the line had been done to the best of the District's ability but that it is an old galvanized line that has been there for a very long time. .

**Director Sorell** questioned a statement in Mr. Lorant's letter that stated "I believe that this project has been satisfactorily completed and this will be the final payment". He would like to see a signed final release.

It M/S/C-(Kilburn/Sorell-5/0)-

**"That the amount of \$8,800.00 will be paid to Mr. Lorant upon the receipt of a signed release statement that will be drafted by the General Manager and Director Sorell."**

**REVIEW OF COMMUNITY OUTREACH PLAN**

**Director Kilburn** passed around a proposal sheet which outlined the following three options --

Have a newsletter to send out the message of water conservation

Have a meeting to deliver the message

Do both the newsletter and the meeting

She noted that there are many sources of information for a newsletter, many opportunities to attend public meetings that are already being done by other organizations and many organizations that are willing to participate in a planned event. Also there are persons who are willing to open their gardens for public viewing so that people can see how drought resistant plantings look. She stated that she has tentatively engaged the Eaton Canyon Nature Center for Saturday, May 17<sup>th</sup> for a possible meeting and that the costs involved will include \$37.50/hr for the Nature Center, advertising and mailing, program printing, refreshments, and audio equipment for approximately \$150-\$200. The program would go from 9:00 A.M. to Noon and registration would be at 8:30 A.M. She also planned to have handouts that would be some tangible information that attendees could take home.

**Directors Sorell and Griffith** stated that the meeting should be held as Director Kilburn has suggested and that the attendees would be solicited only from KID customers.

**Director Barkhurst** stated that at the next meeting possible speakers should be identified, the question of the audio and video requirements be discussed, methods of advertising the event be decided and a draft of the newsletter be available.

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF THE  
KINNELOA IRRIGATION DISTRICT  
January 15, 2008**

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**REVIEW OF COMMUNITY OUTREACH PLAN (cont.)**

At the conclusion of the discussion the following agreements were reached --

- The meeting would be held at the Eaton Canyon Nature Center on May 17<sup>th</sup>
- Persons would be asked to pre-register and that a flyer could be sent out with the water billings
- The program would go from 9A.M. to Noon
- The meeting would be scheduled as a Special Meeting of the KID
- The funds necessary for this event would come from the PR item which is already in the approved budget.

**APPROVAL OF THE MASTER PLAN**

The **General Manager** stated that he was bringing this Plan to the Board for any last minutes changes or suggestions and that if there were none he hoped that the Board would adopt the Plan so that the final document could be printed after checking for minor errors in spelling, etc.

It was M/S/C-(Sorell/Pickard-5/0)

**“That the Revised Master Plan be adopted substantially in the same form as presented and that the General Manager be empowered to make any changes to correct spelling, layout or formatting issues.”**

**GENERAL MANAGER’S REPORT**

The **General Manager** reviewed the following items in his report.

**A. Truck Replacement:** Delivery is expected by late January or early February

**B. T-Mobile Antenna:** T-Mobile has decided on another site

**C. New York Drive Pipeline:** Project is done and there will be a review of change orders and the additional cost to be paid

**Director Griffith** questioned the cost to the District for the additional Engineering expense that had to do with the city of Pasadena involvement and stated that he thought that it was the Engineer’s responsibility to have drawn the map showing the involved piece of property so that the necessary permits would have been obtained from the City Of Pasadena.

**Director Sorell** stated that this additional expense would then have shown in the original estimate so the overall result is the same even if the engineer did not have the plans drawn correctly.

**Director Griffith** questioned whether the District would be receiving “As Built” drawings since there were some changes in the field and the **General Manager** stated that he would obtain those.



**MINUTES OF THE REGULAR MEETING  
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**GENERAL MANAGER'S REPORT (cont.)**

**D. Wilcox Well Pump** –Temporary repair was made when the motor starter failed

**Director Barkhurst** questioned the cost for a new motor at the Wilcox Well and the **General Manager** stated that the estimate was about \$20,000 for the motor and installation and that it is an item that will be added to the project list.

The **Facilities Supervisor** explained that if the current motor fails, which it could at any time, there is no replacement for the current model motor and the well would have to be taken apart and a new drive shaft put in that would fit a newer model motor.

**E. Delores Tunnel:** The landslide severed the pipe line.

**Director Sorell** questioned the cost of the repair and the General Manager replied that it took two days but it should not be excessive.

**F. ACWA/JPIA** – The annual inspection was done by Lee Patton.

**Director Griffith** requested to see a copy of the report and the General Manager said that he would provide a copy when the report is received.

**Director Griffith** referenced the letter that had been sent to Mr. Roberts regarding the Glen Reservoir Wall and suggested that the letter be recorded on the property so that a new buyer moving in would know that the wall belong to the KID.

**Directors Pickard and Kilburn** agreed.

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**REVIEW OF THE MINUTES**

The minutes of December 18, were reviewed and approved with typo corrections.

**REVIEW OF FINANCIAL REPORTS**

The Financial Reports for December 31, 2008 were reviewed by Director Sorell and unanimously approved for filing.

**Director Sorell** noted that the records need be ready for the Auditor and he stated that he needed to review the cancelled checks and questioned whether we are getting the images from the Bank. The **General Manager** stated that there is a charge for getting these images.

**Director Barkhurst** stated that you look at the check on line or request images.

The **General Manager** stated that he would like to find out the cost for getting the images and that he thought that if two Board Members sign the check and look at the invoice at the same time that that should be sufficient.

**Director Sorell** stated that the additional information needed is that there is a check that gets written to McMaster Carr and written to Mel Matthews and that could be a check that is never shown to anybody because no one makes sure that all check numbers are written in sequence.

**Director Barkhurst** recommended that the Treasurer discuss this problem with the Auditor.

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF THE  
KINNELOA IRRIGATION DISTRICT  
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**ITEMS FOR NEXT AGENDA:**

Community Outreach Plan  
Selection of Ad Hoc Committee to Review the General Manager's Performance

**ADJOURNMENT:**

The meeting was adjourned at 2125 hours and the next meeting will be on February 19, 2008.

Respectfully submitted,

Shirley L. Burt  
Secretary to the Board

## 2008 AGED RECEIVABLES REPORT

BILLING MONTH	TOTAL BALANCE	CURRENT PERIOD	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	OVER 120 DAYS	Penalty Charges	Interest Charges
JANUARY	\$61,862.77	\$49,586.80 580 Accts.	\$10,620.34 105 Accts.	\$1,953.56 21 Accts.	\$493.13 9 Accts.	\$791.06 2 Accts.	\$570.00 38 Accts.	\$57.76
FEBRUARY								
MARCH								
APRIL								
MAY								
JUNE								
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER								
						<b>Totals</b>	\$570.00	\$57.76

**Kinneloa Irrigation District 2008 Financial Summary (Actual and Forecasted)**

Account	Account Description	2008 Budget	January	February	March	April	May	June	July	August	September	October	November	December	2008 FYE	Deviation from Budget	
			Actual	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Amount
4000	Water Sales	1,000,000	50,094	55,700	55,720	68,580	86,800	95,370	128,770	128,770	101,800	91,000	76,080	55,710	994,394	-5,606	-1%
4015	Wholesale Water Sales-Pasadena	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
4020	Invoice Sales	5,000	9,154	417	417	417	417	417	417	417	417	417	417	417	13,738	8,738	175%
4030	Interest-General Fund	50	1	4	4	4	4	4	4	4	4	4	4	4	46	-4	-7%
4035	Interest-LAIF	20,000	8,927	0	0	5,000	0	0	5,000	0	0	5,000	0	0	23,927	3,927	20%
4037	Interest-Bank of America	0	1	0	0	0	0	0	0	0	0	0	0	0	1	1	0%
4050	Capacity Charge	3,000	0	0	0	0	0	0	0	0	0	0	0	3,000	3,000	0	0%
	<b>Total Income</b>	<b>1,028,050</b>	<b>68,177</b>	<b>56,121</b>	<b>56,141</b>	<b>74,001</b>	<b>87,221</b>	<b>95,791</b>	<b>134,191</b>	<b>129,191</b>	<b>102,221</b>	<b>96,421</b>	<b>76,501</b>	<b>59,131</b>	<b>1,035,106</b>	<b>7,056</b>	<b>1%</b>
<b>Expenditures</b>																	
5005	Power	110,000	5,152	7,000	9,000	9,000	13,000	13,000	13,000	13,000	9,000	9,000	6,000	4,000	110,152	152	0%
5010	Maintenance Supplies	20,000	561	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	18,894	-1,106	-6%
5012	Safety Equipment	2,000	0	500	500	500	0	0	0	0	0	0	0	0	1,500	-500	-25%
5015	Maintenance Labor	172,000	13,131	14,333	14,333	14,333	14,333	14,333	14,333	14,333	14,333	14,333	14,333	14,333	170,798	-1,202	-1%
5020	Stand-by	7,500	630	625	625	625	625	625	625	625	625	625	625	625	7,505	5	0%
5022	Training/Certification	2,400	140	200	200	200	200	200	200	200	200	200	200	200	2,340	-60	-3%
5025	Water Treatment/Analysis	20,000	1,599	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	19,932	-68	0%
5030	Maintenance Contractors	48,000	10,184	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	54,184	6,184	13%
5034	Equipment Maintenance	3,000	216	250	250	250	250	250	250	250	250	250	250	250	2,966	-34	-1%
5035	Vehicle Maintenance	9,000	332	750	750	750	750	750	750	750	750	750	750	750	8,582	-418	-5%
5036	Fuel - All Equipment	8,500	766	708	708	708	708	708	708	708	708	708	708	708	8,557	57	1%
5040	Equipment Rental	500	0	0	0	0	0	0	0	0	0	0	0	500	500	0	0%
5045	Insurance-Workers Comp.	15,000	3,024	0	0	4,000	0	0	4,000	0	0	4,000	0	0	15,024	24	0%
5046	Insurance-Liability	15,000	1,229	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	14,979	-21	0%
5048	Insurance-Property	2,500	186	208	208	208	208	208	208	208	208	208	208	208	2,478	-22	-1%
5049	Insurance-Medical	43,000	3,047	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	3,583	42,464	-536	-1%
6000	Project Engineering	15,000	0	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	13,750	-1,250	-8%
6005	Watermaster	8,000	667	667	667	667	667	667	667	667	667	667	667	667	8,000	0	0%
6010	Telemetry	850	66	71	71	71	71	71	71	71	71	71	71	71	846	-4	-1%
6015	Administrative Salary	98,000	7,362	7,833	7,833	7,833	7,833	7,833	7,833	7,833	7,833	7,833	7,833	7,833	93,529	-4,471	-5%
6017	Administrative Travel	4,000	12	333	333	333	333	333	333	333	333	333	333	333	3,678	-322	-8%
6018	Administrative PERS	6,720	506	560	560	560	560	560	560	560	560	560	560	560	6,666	-54	-1%
6020	BofD Compensation	7,000	500	500	800	500	500	800	500	500	500	500	500	900	7,000	0	0%
6021	Administrative Exp.	2,500	100	208	208	208	208	208	208	208	208	208	208	208	2,392	-108	-4%
6024	Customer/Public Info. Prog.	4,000	86	333	333	333	333	333	333	333	333	333	333	333	3,753	-247	-6%
6025	PERS - KID	12,075	819	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	11,888	-187	-2%
6030	Social Security - KID	26,040	1,959	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	2,170	25,829	-211	-1%
6035	Office Supplies	9,000	268	750	750	750	750	750	750	750	750	750	750	750	8,518	-482	-5%
6036	Postage/Delivery	6,000	208	500	500	500	500	500	500	500	500	500	500	500	5,708	-292	-5%
6040	Professional Dues	7,000	425	583	583	583	583	583	583	583	583	583	583	583	6,841	-159	-2%
6045	Legal	10,000	591	833	833	833	833	833	833	833	833	833	833	833	9,758	-242	-2%
6050	Telephone	5,000	379	417	417	417	417	417	417	417	417	417	417	417	4,962	-38	-1%
6051	Cellular Telephone	2,500	153	208	208	208	208	208	208	208	208	208	208	208	2,445	-55	-2%

**Kinneloa Irrigation District 2008 Financial Summary (Actual and Forecasted)**

Account	Account Description	2008 Budget	January	February	March	April	May	June	July	August	September	October	November	December	2008 FYE Forecasted	Deviation from Budget	
			Actual	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted		Forecasted	Amount
6052	Pagers	1,800	126	150	150	150	150	150	150	150	150	150	150	150	1,776	-24	-1%
6053	Internet Service	1,000	75	83	83	83	83	83	83	83	83	83	83	83	992	-8	-1%
6059	Computer/Software Maintenance	10,000	834	833	833	833	833	833	833	833	833	833	833	833	10,000	0	0%
6061	Office Equipment Maintenance	1,000	0	83	83	83	83	83	83	83	83	83	83	83	917	-83	-8%
6065	Accounting	7,000	0	0	0	6,000	0	0	0	1,000	0	0	0	0	7,000	0	0%
6070	Office Labor	48,000	3,987	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	47,987	-13	0%
6075	Outside Services	20,000	1,018	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	19,351	-649	-3%
6081	Permits/Fees	2,500	728	208	208	208	208	208	208	208	208	208	208	208	3,020	520	21%
6120	Bank Service Charges	1,200	309	100	100	100	100	100	100	100	100	100	100	100	1,409	209	17%
	<b>Total Expenses</b>	<b>794,585</b>	<b>61,375</b>	<b>62,090</b>	<b>64,390</b>	<b>74,090</b>	<b>67,590</b>	<b>67,890</b>	<b>71,590</b>	<b>68,590</b>	<b>63,590</b>	<b>67,590</b>	<b>60,590</b>	<b>59,491</b>	<b>788,869</b>	<b>-5,716</b>	<b>-1%</b>
	<b>NET REVENUES</b>	<b>233,465</b>	<b>6,802</b>	<b>-5,970</b>	<b>-8,250</b>	<b>-90</b>	<b>19,630</b>	<b>27,900</b>	<b>62,600</b>	<b>60,600</b>	<b>38,630</b>	<b>28,830</b>	<b>15,910</b>	<b>-360</b>	<b>246,237</b>	<b>12,772</b>	<b>5%</b>

**Other Expenditures and Adjustments**

1200	Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
1504	Replacement Mains	150,000	25,463	10,000	5,000	50,000	50,000	0	0	0	0	0	0	0	140,463	-9,537	-6%
1505	Tunnels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
1511	Water Treatment Plant	13,000	0	0	0	0	0	0	0	0	0	0	0	0	0	-13,000	-100%
1512	Meter Replacement	10,000	779	833	833	833	833	833	833	833	833	833	833	833	9,946	-54	-1%
1513	Electrical/Electronic Equipment	10,000	0	833	833	833	833	833	833	833	833	833	833	833	9,167	-833	-8%
1514	Computer/Office Equipment	5,000	3,000	417	417	417	417	417	417	417	417	417	417	417	7,583	2,583	52%
1515	Truck Equipment	47,000	0	0	47,000	0	0	0	0	0	0	0	0	0	47,000	0	0%
1516	Facility Repairs	10,000	0	0	0	0	0	0	0	0	0	0	0	0	0	-10,000	-100%
1527	SCADA	10,000	0	2,000	2,000	2,000	2,000	2,000	0	0	0	0	0	0	10,000	0	0%
1528	Tanks and Reservoirs	75,000	5,891	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	74,641	-359	0%
	<b>Total Other Expenditures</b>	<b>330,000</b>	<b>35,133</b>	<b>20,333</b>	<b>62,333</b>	<b>60,333</b>	<b>60,333</b>	<b>10,333</b>	<b>8,333</b>	<b>8,333</b>	<b>8,333</b>	<b>8,333</b>	<b>8,333</b>	<b>8,333</b>	<b>298,800</b>	<b>-31,200</b>	<b>-9%</b>

**NET CASH FLOW**

<b>-96,535</b>	<b>-28,331</b>	<b>-26,303</b>	<b>-70,583</b>	<b>-60,423</b>	<b>-40,703</b>	<b>17,567</b>	<b>54,267</b>	<b>52,267</b>	<b>30,297</b>	<b>20,497</b>	<b>7,577</b>	<b>-8,693</b>	<b>-52,564</b>	<b>43,971</b>	<b>-46%</b>
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**Kinneloa Irrigation District**  
**Balance Sheet**  
**January 31, 2008**

**ASSETS**

**Current Assets**

1000	Checking-Bank of the West	\$ 10,217.51
1002	Checking-B of A	19,267.87
1010	Checking-Wells Fargo Bank	131,489.31
1012	Savings Account-LAIF	516,707.74
1013	Savings-LAIF Reserve Fund	250,000.00
1100	Accts. Receivable-Water Sales	97,121.83
1101	Accts. Receivable-Invoices	3,585.39
1190	Allowance for Bad Debts	(1,881.57)
1200	Inventory	24,448.09
1350	Prepaid Insurance	9,085.70
1360	Prepaid Expenses	7,590.55
		<hr/>
	Total Current Assets	1,067,632.42

**Property and Equipment**

1501	Water Rights	52,060.41
1503	Land Sites	96,700.08
1504	Mains	1,153,288.96
1505	Water Tunnels	765,246.75
1506	K-3 Well	70,233.86
1507	Improvement District #1	602,778.12
1508	Mountain Property	6,620.00
1509	Wilcox Well	71,312.70
1510	Fairpoint St. Interconnect	14,203.27
1511	Water Treatment Plant	88,494.07
1512	Trans. & Dist. Plant Meters	64,632.11
1513	Electrical/Electronic Equip.	205,875.97
1514	Computer/Office Equipment	48,430.51
1515	Trucks and Equipment	92,485.95
1516	Water Company Facilities	36,590.26
1517	Hidden Valley Office	51,362.92
1518	Shaw Ranch	280,789.92
1519	Dove Creek Project	487,383.87
1521	Kinneloa Ridge Project	690,492.58
1522	Eucalyptus Booster Station	471,817.81
1526	Vosburg Booster	12,590.00
1527	SCADA	137,214.52
1528	Tanks and Reservoirs	200,884.26
1529	Holly Tanks	181,113.76
1600	Accum. Depreciation	(1,767,011.95)
		<hr/>
	Total Property and Equipment	4,115,590.71
		<hr/>
	Total Assets	\$ 5,183,223.13
		<hr/> <hr/>

**Kinneloa Irrigation District**  
**Balance Sheet**  
**January 31, 2008**

**LIABILITIES AND CAPITAL**

**Current Liabilities**

2000	Accounts Payable	\$ 4,843.09	
2250	PERS Withholding-Employee	1,224.57	
2260	Med./Dental-Withhold-Employee	249.96	
2273	Job Deposits-Doyne Rd.	5,497.68	
2290	Accrued Vacation	13,267.70	
	Total Current Liabilities		25,083.00

**Long-Term Liabilities**

	Total Long-Term Liabilities		0.00
	Total Liabilities		25,083.00

**Capital**

3040	Fund Balance	5,151,338.14	
	Net Income	6,801.99	
	Total Capital		5,158,140.13
	Total Liabilities & Capital		\$ 5,183,223.13

**Steven Sorell, Treasurer** \_\_\_\_\_

**Kinneloa Irrigation District**  
**Statement of Cash Flow**  
**For the one Month Ended January 31, 2008**

	Current Month	Year to Date
<b>Cash Flows from operating activities</b>		
Net Income	\$ 6,801.99	\$ 6,801.99
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
1100 Accts. Receivable-Water Sales	42,076.69	42,076.69
1101 Accts. Receivable-Invoices	(1,286.73)	(1,286.73)
1350 Prepaid Insurance	1,415.25	1,415.25
1360 Prepaid Expenses	995.42	995.42
2000 Accounts Payable	(27,615.43)	(27,615.43)
2250 PERS Withholding-Employee	60.59	60.59
2271 Deposits-Construction Meters	(850.00)	(850.00)
2272 Job Deposits	(9,189.38)	(9,189.38)
	<hr/>	<hr/>
Total Adjustments	5,606.41	5,606.41
	<hr/>	<hr/>
<b>Net Cash provided by Operations</b>	<b>12,408.40</b>	<b>12,408.40</b>
<b>Cash Flows from investing activities</b>		
<i>Used For</i>		
1504 Mains	(25,463.09)	(25,463.09)
1512 Trans. & Dist. Plant Meters	(779.13)	(779.13)
1514 Computer/Office Equipment	(3,000.00)	(3,000.00)
1528 Tanks and Reservoirs	(5,891.26)	(5,891.26)
	<hr/>	<hr/>
Net cash used in investing	(35,133.48)	(35,133.48)
<b>Cash Flows from financing activities</b>		
<i>Proceeds From</i>		
<i>Used For</i>		
	<hr/>	<hr/>
Net cash used in financing	0.00	0.00
	<hr/>	<hr/>
<b>Net increase (decrease) in cash</b>	<b>\$ (22,725.08)</b>	<b>\$ (22,725.08)</b>
<b>Summary</b>		
Cash Balance at End of Period	\$ 927,682.43	\$ 927,682.43
Cash Balance at Beg. of Period	(950,407.51)	(950,407.51)
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Cash</b>	<b>\$ (22,725.08)</b>	<b>\$ (22,725.08)</b>
	<hr/>	<hr/>

**Steven Sorell, Treasurer** \_\_\_\_\_



**Kinneloa Irrigation District**  
**Income Statement**  
**For the One Month Ending January 31, 2008**

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
<b>Revenues</b>				
4000 Water Sales	\$ 50,094.41	\$ 55,700.00	\$ 50,094.41	\$ 55,700.00
4020 Invoice Sales	9,154.18	416.67	9,154.18	416.67
4030 Interest-General Fund Checking	0.51	4.17	0.51	4.17
4035 Interest-General Fund Savings	8,926.66	5,000.00	8,926.66	5,000.00
4037 Interest-Bank of America	0.87	0.00	0.87	0.00
<b>Total Revenues</b>	<b>68,176.63</b>	<b>61,120.84</b>	<b>68,176.63</b>	<b>61,120.84</b>
<b>Expenses</b>				
5005 Power	5,152.42	5,000.00	5,152.42	5,000.00
5010 Maintenance Supplies	560.86	1,666.67	560.86	1,666.67
5012 Safety Equipment	0.00	500.00	0.00	500.00
5015 Maintenance Labor	13,131.24	14,333.33	13,131.24	14,333.33
5020 Stand-by	630.00	625.00	630.00	625.00
5022 Training/Certification	140.00	200.00	140.00	200.00
5025 Water Treatment/Analysis	1,598.95	1,666.67	1,598.95	1,666.67
5030 Maintenance Contractors	10,184.15	4,000.00	10,184.15	4,000.00
5034 Equipment Maintenance	215.69	250.00	215.69	250.00
5035 Vehicle Maintenance	331.78	750.00	331.78	750.00
5036 Fuel - All Equipment	765.58	708.33	765.58	708.33
5045 Insurance-Workers Compensation	3,024.00	4,000.00	3,024.00	4,000.00
5046 Insurance-Liability	1,229.00	1,250.00	1,229.00	1,250.00
5048 Insurance-Property	186.25	208.33	186.25	208.33
5049 Insurance-Medical	3,046.90	3,583.33	3,046.90	3,583.33
6000 Project Engineering	0.00	1,250.00	0.00	1,250.00
6005 Watermaster	666.67	666.67	666.67	666.67
6010 Telemetry	66.33	70.83	66.33	70.83
6015 Administrative Salary	7,361.84	7,833.33	7,361.84	7,833.33
6017 Administrative Travel	11.74	333.33	11.74	333.33
6018 Administrative PERS	506.00	560.00	506.00	560.00
6020 BofD Compensation	500.00	500.00	500.00	500.00
6021 Administrative Exp.	100.00	208.33	100.00	208.33
6024 Customer/Public Info. Prog.	86.35	333.33	86.35	333.33
6025 PERS - KID	819.21	1,006.25	819.21	1,006.25
6030 Social Security - KID	1,959.16	2,170.00	1,959.16	2,170.00
6035 Office Supplies	267.80	750.00	267.80	750.00
6036 Postage/Delivery	208.13	500.00	208.13	500.00
6040 Professional Dues	424.75	583.33	424.75	583.33
6045 Legal	591.49	833.33	591.49	833.33
6050 Telephone	378.66	416.67	378.66	416.67
6051 Cellular Telephone	153.46	208.33	153.46	208.33
6052 Pagers	125.56	150.00	125.56	150.00
6053 Internet Service	74.84	83.33	74.84	83.33
6059 Computer/Software Maintenance	833.62	833.33	833.62	833.33
6061 Office Equipment Maintenance	0.00	83.33	0.00	83.33
6070 Office Labor	3,986.84	4,000.00	3,986.84	4,000.00
6075 Outside Services	1,017.94	1,666.67	1,017.94	1,666.67
6081 Permits/Fees	728.00	208.33	728.00	208.33
6120 Bank Service Charges	309.43	100.00	309.43	100.00
<b>Total Expenses</b>	<b>61,374.64</b>	<b>64,090.38</b>	<b>61,374.64</b>	<b>64,090.38</b>
<b>Net Income</b>	<b>6,801.99</b>	<b>(2,969.54)</b>	<b>6,801.99</b>	<b>(2,969.54)</b>

**Kinneloa Irrigation District**  
**Income Statement**  
**For the One Month Ending January 31, 2008**

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
<b>Other Expenditures</b>				
1504 Mains	25,463.09	10,000.00	25,463.09	10,000.00
1511 WaterTreatment Plant	0.00	13,000.00	0.00	13,000.00
1512 Trans. & Dist. Plant Meters	779.13	833.33	779.13	833.33
1513 Electrical/Electronic Equip.	0.00	833.33	0.00	833.33
1514 Computer/Office Equipment	3,000.00	416.67	3,000.00	416.67
1516 Water Company Facilities	0.00	10,000.00	0.00	10,000.00
1527 SCADA	0.00	2,000.00	0.00	2,000.00
1528 Tanks and Reservoirs	5,891.26	6,250.00	5,891.26	6,250.00
	<b>35,133.48</b>	<b>43,333.33</b>	<b>35,133.48</b>	<b>43,333.33</b>
<b>Total Other Expenditures</b>	<b>35,133.48</b>	<b>43,333.33</b>	<b>35,133.48</b>	<b>43,333.33</b>
<b>Total Increase or (Drawdown)</b>	<b>\$ (28,331.49)</b>	<b>\$ (46,302.87)</b>	<b>\$ (28,331.49)</b>	<b>\$ (46,302.87)</b>

Steven Sorell, Treasurer \_\_\_\_\_