

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
12th DAY OF JANUARY 2016 AT THE HOUR OF 9:00 A.M.

Call to Order:

Directors present at the meeting held at the date and time above designated were President David Bixler, Vice President Rick Borges, Scott Rogers and Dave Martin. Director Mike Thomas was absent. Staff present at the meeting were J. Paul Hendrix, General Manager and Secretary; Kathi Artis, Controller and Treasurer; Beth Holmes, Assessor-Collector; Wayne Fox, O&M Superintendent; Aaron Fukuda, Engineer; Marco Crenshaw, Watermaster; and, by way of teleconference, Scott Kuney, Special District Counsel. The meeting was called to order by President Bixler.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held December 8, 2015 had been distributed and asked if there were any errors or omissions noted therein. There being none, by the motion of Director Borges and second by Director Martin, unanimously carried by all board members present, the minutes of that meeting were thereupon approved as corrected.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw announced that an irrigation run had indeed occurred in December when Lake Kaweah reached 28,000 AF in storage and an evacuation of flood space was necessary. He noted that the District had acquired water from Rocky Hill to supplement the District's entitlement supply that had to be vacated during the flood evacuation. Up to 23 turnouts had been simultaneously served during the run, and a lot of trash had to be removed as it began. Mr. Crenshaw then reviewed the turnout delivery volumes, seepage recharge, and the District's current storage account levels in the lake. He then reported on current water supply conditions, noting rainfall to-date at the District yard being 134% of average, and snowpack around average within the Kaweah and San Joaquin watersheds.

Terminus Hydropower Operations - Mr. Crenshaw next presented a graphical depiction of power generation at Unit No. 1 at Terminus Dam, noting average production of about 4.5 MW daily during the recent winter flood evacuation run.

Water Management Activities - Mr. Hendrix then discussed in further detail the exchange arrangements being sought with several upstream ditch companies to make use of surplus water in their accounts in off-season months in exchange for lesser return quantities during the typical irrigation season.

O&M Superintendent Report:

Routine Work, Outside Work and Construction Projects - Mr. Fox reported on the maintenance activities undertaken during the past month in the delivery system and within upstream diversion channels. He commenced with an overview of the fourth quarter O&M report and highlighted activities including safety and fire suppression training, canal system maintenance and facility repairs, sinking basin dicing, vehicle and equipment repairs, shop/yard maintenance and herbicide applications. Regarding the report's summary of construction projects, Mr. Fox made mention of the new landowner turnout

installations and continued storm water basin work for the City of Tulare.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of December 2015 for the Board's review and consideration. She noted that total revenue for the year was \$3.23 million, significantly less than budgeted due to delays in grant income. She then reviewed major expense items for the year, comparing these to budgeted amounts. She made note of a net loss for the year, inclusive of capital outlay, of \$1.76 million. Ms. Artis next reviewed the statement of cash flows and statement of net assets, detailing certain line items in those statements.

Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.23% in the Tulare County pooled fund, .37% at the state LAIF, and .92% with CalTrust. She also referred the Board to the graphical depiction of investment rates since 2008.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Details were sought by board members on McKay Pt project expenses, equipment repairs, and temporary labor costs. Mr. Fox detailed the materials purchased for repairs to repair the Bravo Lake outlet structure to be reimbursed by Wutchumna WC. By the motion of Director Borges, second by Director Martin and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 46861 through 46995 totaling \$326,544.35 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Assessor-Collector Report:

Ms. Holmes thereupon presented a summary of the first installment assessment collection for 2016. She noted that 97% of the first installment has been received as has been 49% of the second installment otherwise due on June 15th. Ms. Holmes also stated that tax sales delinquencies for the years 2008-09 had been turned over to Tulare County for collection thereby.

Management Staff Reports:

Mid-Kaweah GSA - Mr. Hendrix summarized the status of the ongoing Mid-Kaweah activities. He said that Calif. Water Service Co. has been pressing to be appointed to the Mid-Kaweah GSA governing board in addition to its appointment to the GSA's Technical Committee and likely appointment to the Advisory Committee. He indicated that the matter will be dealt with at the GSA meeting this afternoon. Mr. Hendrix also noted that the screening process continues on the selection of a groundwater hydrogeology firm to represent the interests of the GSA.

TID History Book - Mr. Hendrix presented the Board with the current cost projections to complete the history book project. He cited figures of \$28,100 for editing and layout, \$1,800 for marketing efforts and \$17,000 for printing 1,000 copies. He said that to-date \$2,700 has been paid to Sellbox, Inc. per agreement therewith.

2016 On-Farm Recharge Program - Mr. Fukuda summarized the ongoing interface with water users regarding participation in the 2016 pilot program. He noted that some would-be applicants are permanent crop growers. Discussion ensued as to what the end date should be for growers to make their land available to receive surplus water. There was consensus that some degree of flexibility should be considered

given the differing operations of landowners and growers.

Telemetry System Work - Mr. Fukuda next reviewed the considerable repairs to the District's SCADA network due to non-use for several seasons. He described the equipment replacements necessary at the Abercrombie Basin site. Mr. Fukuda also reviewed the arrangements to share in the costs for the SCADA equipment installations along Packwood Creek through Visalia. He described the involvement of KDWCD as well as the City of Visalia in the project, and that District grant funding may be assigned to the District's share of SCADA software and equipment costs.

Matters for Consideration of Board Action:

Resolution No. 16-01 - Mr. Hendrix brought to the Board's attention the subject resolution and associated listings of appointments, proxies and representations to be identified as among board members and staff. It was agreed that the current slate of such persons are again appropriate for the current year. Also, the Board acknowledged the changes to Friant WA committee representation per FWA's recent joint powers agreement and the needed addition of the appointments to the Mid-Kaweah GSA. With the foregoing changes, Resolution No. 16-01 was adopted with the motion by Director Martin, second by Director Rogers, and duly put to vote and unanimously carried by all board members present.

2016 Preliminary Budget - Mr. Hendrix thereupon reviewed the District budget report as presented to the Board. He cited projected income of \$10.1 million, O&M expenses of \$8.5 million, and capital costs of \$2 million, the combination of which should leave the District in the range of \$11.6 million in cash reserves at year's end. In comparisons with actual 2015 values, he noted increased revenues due to projected water sales and grant income and increases in expenditures due to CVP water purchases and capital outlay. He highlighted key line items, including specific equipment acquisitions and projected project costs. By the motion of Director Borges, second by Director Martin and unanimously carried by all board members present, the 2015 preliminary budget was approved.

Mr. Hendrix then went on to review the transfers among the District's cash reserves needed per the District's reserve policy to reflect last year's monetary activities. He called attention to the upward trend in the CVP Environmental reserve fund, and noted that he will be working with the Controller in exploring ways to effectuate reserve transfers or assessment collections to alter this trend. He concluded with a review of the status of cash reserves as of January 1st and associated reserve fund transfers as reflected in the preliminary budget and the Board, by the motion of Director Martin, second by Director Rogers and unanimously carried by all board members present, approved the fund transfers as shown.

Board Member Report of Meetings:

Director Bixler asked if any of the Directors have reports on meetings they attended or wished to discuss at this time.

Director Borges reviewed the FWA's December 11th and January 7th meetings, saying that the new CEO had been present and that a call on general member dues was approved. He also indicated there was a discussion of San Luis & Delta Mendota WA O&M cost increases to Friant as well as news of prior FWA employee grievance settlements.

Director Borges then summarized the K&SJRA meeting held on January 7th, saying that a water supply projection was discussed, implications of SB 88 on Kaweah diversion reporting to the SWRCB was discussed, as was

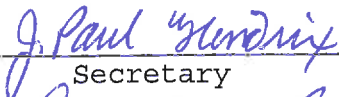
the potential membership in the to-be-formed Greater Kaweah GSA. Regarding the KBWQA meeting that same day, Director Borges made mention of the nitrogen management plan and grower informational workshops.

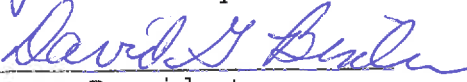
Lastly, Director Rogers summarized the various media outreach efforts of the Calif. Farm Water Coalition as discussed at the December 14th board meeting of that organization.

Closed Session:

The Board then adjourned into closed session in accordance with Gov't. Code §54956.9(a) and §54957. Upon returning to open session, it was announced that, by the motion of Director Borges, second by Director Martin and unanimously carried, the District as a Petitioner in the case Friant WA et al. v SWRCB approved the tolling agreement for said case and related claims. It was further announced by Director Bixler that the Board acted to approve a 2% merit increase for the position of District Engineer for 2016, and a 5% merit increase for the position of General Manager in each of the years 2016-2018, all effective in January of said year.

Due to the World Ag Expo scheduled for the week of February 8th, the Board requested that its regular agenda items for that month be addressed at a special meeting to be scheduled for February 16th. There being no other items to come before the Board of Directors, the meeting was then adjourned.


Secretary


President