

**MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
1st DAY OF FEBRUARY 2013 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, Mike Thomas and Dave Martin. Staff present at the meeting were J. Paul Hendrix, General Manager and Secretary; Richard Tapley, Controller and Treasurer; Wayne Fox, O&M Superintendent; Aaron Fukuda, Engineer and Marc Crenshaw, Watermaster. Also in attendance was Joe Mastro of Cuttone & Mastro, CPA's. The meeting was called to order by President Bixler.

Public Comments:

There were no comments from any member of the public to come before the Board.

Watermaster Report:

Lake Kaweah Operations and Pre-Irrigation Run - Mr. Crenshaw thereupon reported on the status of the flood release now underway at Terminus Dam. He noted the lake level now at about 26,000 AF and that the release commenced when the lake rose to the 30,000 AF level. The District's portion of the lake release is increasing to about 329 cfs today; Ketchum and Evans Ditch flows are to come on soon. He noted that the flood release should end on or around February 8th. Mr. Crenshaw went on to highlight the several Kaweah water purchases made to extend the District's run and that flows are now arriving at the Creamline and Swall basins and are headed to the Cordeniz lease property as well.

Friant-Kern Canal - Mr. Crenshaw then summarized the status of the refill plans for the Friant-Kern Canal, noting that water from Millerton Lake will be brought in starting next week and that complete refilling could occur by mid-February. Friant WA is collecting water quality samples to determine the residual water treatment constituency levels in the water as fresh water is brought in from upstream. He indicated that the results of such sampling will determine whether any flushing of the canal into the Main Intake Canal or elsewhere will be pursued.

O&M Superintendent Report:

Proposed Purchase of Tractor, Scraper - Mr. Fox summarized before the Board his discussions with the Equipment Committee regarding the John Deere tractor and scrapers now under lease for work on the Swall Basin project. He noted that the project is coming to a close and that the equipment may be effectively utilized for an accelerated basin rehabilitation program throughout the District. Mr. Fox presented the Board with a tabulation showing the cost implications of continued leasing of such equipment v. purchase, and incidental income to be realized from the sale of dirt removed from the basins. Committee members Martin and Rogers indicated their support for the purchase of the tractor and one scraper, noting their expectation that such equipment would be diligently devoted to basin work over the next several years. Upon further discussion, and with the motion of Director Rogers and second by Director Martin, it was approved to purchase the tractor and one scraper at a cost of about \$253,450 less any pending lease payments therefor.

Treasurer Report:


Audit of 2011 Financial Statements - Mr. Hendrix thereupon introduced Joe Mastro for the purpose of his review of the audited financial statements. Mr. Mastro first spoke to his experience in audit work for public water districts and other clients. He then addressed

several components of his audit report, including the Management Discussion and Analysis section and his unqualified opinion as to the conformity of the statements with generally-accepted accounting principles. Mr. Mastro went on to explain some of the notes to the statements, covering matters such as other reporting entities, capital assets, long-term debt, other post-employment benefits (OPEB) costs, designated/unrestricted funds, and prior-period adjustments. He stated that the number and magnitude of such adjustments points to a lack of internal control within the District's accounting department.

Closed Session:

The Board then adjourned to closed session per Govt. Code §54957. Upon return to open session, it was reported that, upon the motion of Director Martin and second by Director Thomas, the total compensation to Cuttone & Mastro for their audit services for 2011 would amount to \$40,000.

There being no other items to come before the Board of Directors, the meeting was adjourned.


Secretary


President