

MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
16th DAY OF FEBRUARY 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, Mike Thomas and Dave Martin. Director Scott Rogers was absent. Staff present at the meeting were J. Paul Hendrix, General Manager and Secretary; Kathi Artis, Controller and Treasurer; Wayne Fox, O&M Superintendent; Aaron Fukuda, Engineer; and Marco Crenshaw, Watermaster. Also present were Richard Zack, history consultant; and Don Wright, a representative of Renewable Resources Group. The meeting was called to order by President Bixler.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meetings held January 12 and February 9, 2016 had been distributed and asked if there were any errors or omissions noted therein. There being none, by the motion of Director Martin and second by Director Thomas, unanimously carried by all board members present, the minutes of those meetings were thereupon approved as presented.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw began with saying that inflow into Lake Kaweah is running at 400 cfs. He added that the lake storage stood at 23,000 AF, up somewhat from the recent flood space evacuation that ended last Saturday. He said that the District's irrigation run during the lake's flood release period included 6,000 AF under an exchange program with a few upper units, 2,000 AF of which will need to be paid back this summer. He also said that 500 AF was acquired by Corcoran ID from Foothill Ditch Co., which was, after subtracting seepage losses, delivered thereto through the District's channel system. He then reported on current water supply conditions, noting rainfall to-date at the District yard being 122% of average, and snowpack estimated at 97% and 107% within the Kaweah and San Joaquin watersheds, respectively.

Terminus Hydropower Operations - Mr. Crenshaw indicated that a report of hydropower generation during this last Terminus release period will be provided at the March board meeting.

Water Management Activities - Mr. Hendrix then summarized the uncertainty with respect to Friant supply allotments, saying that USBR is first determining its ability to meet Exchange Contractor demands from the Delta-Mendota Canal and whether any San Joaquin River water may be called upon to meet these demands. He also indicated that discussions have been held with Sun World as to the disposition of any Rayo WC excess supply that may materialize this year.

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 cited some of the primary activities, those being weir board replacements, trash removal from the ditch system, and weed herbicide applications. He also said that culvert liner repairs were made in the North Branch Canal under Mooney Blvd. In regards to construction projects, Mr. Fox noted that preparations are being made to begin

construction of the Cordeniz Basin as soon as final approval to proceed is obtained from USBR.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of January 2016 for the Board's review and consideration. She cited total income for the month of \$76,960, pointing out a few sources thereof. She then reviewed major expense items and said the net loss for the month was \$390,600. Ms. Artis next reviewed the statement of cash flows and statement of net assets, reporting that cash reserves stood at \$11.1 million. She added that the Swall Basin construction expense is now being shown as a fixed asset.

Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.16% in the Tulare County pooled fund, .45% at the state LAIF, and .94% with CalTrust. She also referred the Board to the graphical depiction of investment rates since 2008. Ms. Artis lastly indicated that the District's possesses sufficient cash to cover six month's expenses, and she made reference to the upcoming payment due on the Friant 9(d) contract payoff loan with Banc of America. Mr. Fukuda then provided an update on when the District might receive grant funds from the state for prior work on the Swall Basin project.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Director Bixler inquired about the status of the McKay Pt Reservoir EIR and related expenses on the list, and Mr. Fukuda provided a status report thereon. Clarification was made by Ms. Artis on the payment of legal expenses for SGMA-related costs, and other O&M and legal expense charges were explained. 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. 46996 through 47106 totaling \$658,621.39 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Selection of Auditor - Ms. Artis thereupon presented the Board with two audit proposals, one from Cuttone & Mastro and one from Brown Armstrong. She indicated that the Brown Armstrong proposal was nearly double the cost of Cuttone & Mastro, the District's current auditor, the latter being \$9,500 to \$11,000 for each of the next three years. By the motion of Director Martin, second by Director Thomas and unanimously carried by all board members present, the three-year proposal and services agreement by Cuttone & Mastro was authorized for execution.

Management Staff Reports:

Mid-Kaweah GSA - Mr. Hendrix summarized the status of the ongoing Mid-Kaweah activities. He indicated that dialogue continues with KDWCD and the County during facilitation meetings, and that KDWCD intends to form as a GSA to encompass much of the Kaweah sub-basin where no other GSA is being formed. He also noted that the screening process continues for the retention of a groundwater consulting firm, and a recommendation for selection should be made at the March Mid-Kaweah GSA meeting.

TID History Book - Mr. Hendrix presented the Board with several choices for the history book cover design. Mr. Zack also displayed a few other pictures which may be considered as well. After some discussion, the Board indicated a preference for the historical artesian well post-card picture to serve as the cover of the book.

2016 On-Farm Recharge Program - Mr. Fukuda briefed the Board on the on-farm program, stating that to-date 25 landowners have indicated a willingness to participate with a total of 6,800 acres among them. He noted that two forms of agreement have been drafted, one for landowners and one for tenants. Mr. Fukuda reviewed the various types of agricultural lands that are potentially in the program, differing landowner irrigation needs, and the likelihood of surplus water availability during the remainder of the winter. He also made note of discussions being held with UC Davis and a non-profit entity called Sustainable Conservation on pilot programs to gage the feasibility and effectiveness of on-farm recharge efforts.

Board Member Compensation - Ms. Artis then reviewed with the Board the relevant sections of the Calif. Water Code pertaining to board member compensation for representing the District at meetings of other organizations. She reviewed the rules governing daily compensation limit of \$100 and provisions for reimbursement for expenses incurred for such attendance. After some discussion, the Board determined that its current daily payment rate of \$75 shall remain unchanged.

Storm Water Basin Proposal - Mr. Hendrix reviewed prior discussions with the Board regarding the District's services provided to the City of Tulare for the rehabilitation of its storm water basins. He noted that the initial contract for services for \$250,000 had ended, and that the City has been providing additional funding for more work. He further noted that discussions had been held with the City in regards to a long-term servicing program, and presented the Board a proposal which could be submitted to the City for their consideration. Mr. Hendrix emphasized that the proposal, and confirmation of monetary or other benefits afforded by a long-term maintenance program for the City basins, would need Board approval. The Board thereupon discussed the merits of any such program as asserted by Mr. Hendrix, and expressed concern that this type of commitment would require additional staff and equipment to be dedicated to storm water basin maintenance, with few if any benefits to the District's landowners. Director Borges indicated that perhaps a work program on an as-available basis, much like what the District agreed to during the last two drought years, may be acceptable. At the discussion's end, the Board directed staff to not proceed with any proposal committing District staff or equipment on a long-term basis to City storm water basin maintenance work.

Matters for Consideration of Board Action:

Approval of Auditor Services - Director Bixler stated that this matter was dealt with under agenda item 4.C.

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 first made note of his attendance at the annual shareholder's meeting for Consolidated Peoples DC on January 21st. He commented that the company reported a net annual loss for 2015, and that total expenses amounted to \$62 for each acre-foot of water delivered.

Director Borges next summarized the K&SJRA meeting held on February 4th, noting that the flood release and water supply projection were discussed, as were the Greater Kaweah GSA formation and ramifications of new state legislation on Kaweah diversion reporting to the SWRCB. Regarding the KBWQA meeting that same day, Director Borges commented on its membership status, future workshops, and the new general order out of the RWQCB. Director Martin then remarked that the new order

will be requiring grower reports for each farmed parcel to be submitted directly to the state, not via the local coalition.

Director Borges reviewed the FWA's January 28th meeting, saying that the new CEO, Jason Phillips, was in attendance. He further said that the CVP water supply update was provided, including the project's Delta inflow and export operations.

Director Bixler then provided a report on the January 29th ACWA board meeting, saying that a board workshop was held the day prior. He added that it is the intent of ACWA's new president to devote considerable time to travel to various member districts, and that the board is spending time on deliberations regarding the state's revised recycled water regulations.

Lastly, Director Thomas discussed the content of Wutchumna WC's most recent board meetings. He commented on the last assessment of \$325 per share, prior employee claim exposures, liability insurance renewal, changes to conveyance of water to Sentinel Butte WC, Rayo WC supply disposition and delivery options, and updates on SGMA compliance and related GSA formation within the east side of the Kaweah sub-basin.

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

J. Paul Glendon
Secretary

David S. Lester
President