

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
14th DAY OF MAY 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 Mike Thomas, Scott Rogers and Dave Martin. Staff present at the meeting were J. Paul Hendrix, General Manager and Secretary; Wayne Fox, O&M Superintendent; Marco Crenshaw, Watermaster and Aaron Fukuda, Engineer. The meeting was called to order by President Bixler.

Public Comments:

There were no comments from any members of the public in attendance to come before the Board.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held April 9, 2013 had been distributed and asked if there were any errors or omissions noted therein. Upon the motion of Director Thomas and second by Director Rogers, the minutes of the meeting were thereupon approved as presented.

Watermaster Report:

Lake Kaweah Operations and Supplies - Mr. Crenshaw noted that the decision regarding whether an irrigation run is feasible or not is drawing nigh. He said the peak inflow into Lake Kaweah was about 950 cfs, not a good sign for the District's entitlement accrual.

2013 Water Supply Outlook - Mr. Crenshaw next stated that the current Friant Class 1 allocation stands at 45% and, after meeting all exchange obligations, the District would have about 1,500 AF of Friant and 17,300 AF of Kaweah supplies for an irrigation run. Mr. Crenshaw then went over the rainfall to-date and runoff projections. Rainfall at the District yard is averaging 56% of normal to-date, and projected runoff on the Kaweah River is about 29% of normal.

Mr. Crenshaw then presented a table of prior years having very low water supplies, during three of which the District didn't stage a summer run, those being 1977, 1987 and 1990. After discussion of current and projected supplies this summer, the Board determined that an irrigation run will not be pursued and directed the General Manager to seek other uses for its water supplies. Emphasis was placed on securing exchange arrangements under which more water would return to the District in the future in lieu of selling water outright.

Water Management Activities - Mr. Hendrix summarized the transfer and exchange commitments with LSID, involving both LSID's needs from the District as well as transfers of Settlement recapture water projected to be in San Luis Reservoir on behalf of Friant districts.

O&M Superintendent Report:

Routine Work, Construction Projects - Mr. Fox reported on the maintenance activities undertaken during the past month in the delivery system and within upstream diversion channels. He mentioned the installation of a long-crested weir at the Cordeniz leased basin site, turnout maintenance, wash-in repairs, culvert cleaning, basin dredging, heavy equipment retrofits and repairs and yard maintenance. Mr. Fox also discussed the weed treatment cycle and that tail water drains sustain weed growth. The Board emphasized that any remaining drains need to be removed. Mr. Fox closed with noting that remaining inlet/outlet structure construction at the Swall basin site is underway and that perimeter fencing is in the works.

Treasurer Reports:

Approval of Financial Statements - Mr. Hendrix brought to the Board's attention the financial statements for the month of April 2013 for their review and consideration. He first reviewed the statement of revenue and expense and noted a net negative cash flow of \$254,190.

Approval of Bill Payments - Mr. Hendrix next presented the list of bills submitted for ratification and approval by the Board. He noted credit card payments and a Calif. Farm Water Coalition membership contribution. By the motion of Director Borges and second by Director Martin, the Board accepted the financial statements and check nos. 43654 through 43937 totaling \$477,646.50 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Replacement of Controller - Mr. Hendrix indicated that Kathi Artis, CPA, has been hired as the District's new Controller. He noted that she has served as an auditor for the firm Artis & Company, which firm has been doing audit work for KDWCD and KRPA, among other public entities. He added that her first day on the job will be May 28th.

Management Staff Reports:

System Optimization Review - Mr. Hendrix indicated that this topic is to be tabled until a later meeting.

SJR Restoration Program - Part III Grant Application - Mr. Fukuda explained the elements of the District's grant application for funds totaling about \$1.9 million from funds authorized by the Settlement's implementing legislation. He cited the major elements of the proposal, naming the Cordeniz basin project, preparation of a groundwater recharge study and plan, and a water exchange program.

McKay Pt Reservoir Project - Mr. Hendrix next briefed the Board on the status of negotiations with CEMEX regarding development costs and royalty payments. He indicated that agreement has been reached on the major outstanding items, which agreement includes royalty payments to the property owners amounting to (a) \$1.50 per ton for cement-quality aggregate products, (b) 15% of market value for sand and base rock, and (c) 25¢ per ton on all excavated materials to partially cover the cost of a perimeter cut-off wall to maintain a dewatered site. A cash-flow chart was presented to depict project development costs and royalty income during a 15-year mining phase.

Groundwater Report to City of Tulare - Mr. Hendrix noted the inclusion of the subject 2012 report included in the handout materials. He pointed out the payment by the City based on the agreed-to \$30 unit rate and the Credited Water Balance of 26,500 AF, well into the positive range, thereby indicating the District is living up to its obligations per the 2008 agreement.

Matters for Consideration of Board Action:

Revised 2013 budget - Mr. Hendrix thereupon presented and reviewed the revised 2013 budget and highlighted the assumed lack of KRPA generation revenue, nominal water sales revenue, a 2013 water exchange agreement payment to LSID, and a trimmed capital project budget as compared to the preliminary budget approved last January. He noted that these things combined with other revenue and expense items indicate a reduction in cash reserves of about \$1.6 million by year's end. Upon the motion of Director Thomas and second by Director Borges, the revised 2013 budget was accepted and approved.

Board Member Report of Meetings:

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

Director Borges thereupon noted the highlights of the Friant WA board

meeting held on April 25th. He cited an audit report delivered by Cuttone & Mastro, an outlook on the water bond given by the Executive Director of ACWA, USBR's water supply report, the Milfoil weed eradication program, and a report on Settlement matters given in closed session.

Director Borges proceeded to summarize the conduct of the Kaweah Sub-watershed Coalition and K&SJRA board meetings held on May 9th. He first made mention of the stay on the EIR lawsuit regarding the regional board's irrigated lands general order, reduced water quality testing due to low channel flows and, with respect to the Association meeting, the projected water supply and Unit plans for transfer of limited Kaweah supplies out of the Kaweah basin.

Director Thomas lastly noted the highlights of the Wutchumna WC board meetings held on April 10th and on May 8th. He made note of the assessments levied thereat, one reduced by drawing from power enhancement reserves, the backhoe repair work and cost, and the Ragle automatic gate repair status.

Lastly, Director Rogers reported on his attendance at the Calif. Farm Water Coalition board meeting held April 22nd. He indicated that much of the meeting was devoted to the state's Bay Delta Conservation Plan and associated water facilities and projects. Director Rogers noted that the Coalition generally is in support of the BDCP.

The Board then adjourned to a closed session per Gov't. Code §54956.8. Upon returning to open session, it was noted that no reportable actions had been taken in the prior closed session.

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


Secretary


President

