

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
10th DAY OF MAY 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 Scott Rogers. Director Dave Martin 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 was Don Wright, a representative of the 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 meeting held April 12, 2016 had been distributed and asked if there were any errors or omissions noted therein. With none brought forth and by the motion of Director Borges and second by Director Rogers, unanimously carried by all board members present, the minutes of the meeting were thereupon approved as presented.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw and Mr. Fukuda began with a review of the inoperable state of the outlet gate at Terminus Dam which, if not fixed in time, leaves all irrigation releases during the summer to come through the KRPA power plant facilities at the dam. The suspected causes of the failure, and planned efforts by USCE to repair it, were reviewed. Mr. Crenshaw emphasized that peak irrigation demands in the June-July time frame will exceed the power plant flow capabilities by upwards of 400 cfs. He added that discussions have begun among the K&SJRA Units and its engineering committee to develop a means to pro-rate irrigation demands to available flow capacity if repairs cannot be made soon. The Board thereupon discussed the District's irrigation run, its supply quantities and when to commence in light of the operational difficulties at the dam. The Board directed staff to schedule a special board meeting later in May or early June to discuss the matter further when more is known regarding the success of ongoing repair work.

Mr. Crenshaw then reported on current water supply conditions and summarized the current Friant supply allotments and projected Kaweah River supplies. He next reviewed diversions to-date, noting that 26,600 AF was diverted in April, 51% of which was sold and delivered to District turnouts. He also noted that 486 AF was percolated in Packwood Creek through Visalia as an initial step in effectuating the District/City of Visalia water exchange program. Mr. Crenshaw lastly cited the remaining snowpack measurements and projected April-July runoff for the Kaweah River watershed, citing 75% of average to-date and 72%, respectively.

Terminus Hydropower Operations - Mr. Crenshaw reported that Unit No. 1 is back on generating energy as of irrigation releases which commenced yesterday.

Water Management Activities - Mr. Hendrix reviewed the exchange return obligations with Kern-Tulare Water District and Madera and Lindsay-Strathmore irrigation districts, all pending the Friant supply

allocations as may be forthcoming from USBR.

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 stated that, with many of the field crew devoted to ditch tending during the month, only some weed eradication work and shop inspections and cleanup has transpired. He added that that preparations for the Cordeniz Basin earthwork have begun. Mr. Fox also brought up the need to retain an outside contractor for a corrugated metal pipe crossing repair near Rd 56 where the Rocky Ford Canal crosses under Ave 232. He indicated that the County will not allow a road cut and trench to replace the pipe, thus the need for a construction contractor with boring equipment to undertake the work.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of April 2016 for the Board's review and consideration. She cited water sales and receipt of county taxes as being the primary sources of income, and she highlighted CVP water payments and other line items constituting expenses. She noted that District O&M realized a net loss to-date of \$1.8 million, and capital outlay of about \$145,000 and loan principal reduction of \$201,000 adding to the reduction in cash. Ms. Artis next reviewed the statement of cash flows and statement of net assets, noting that the second installment of assessments will be booked in June and that cash reserves stand at \$10.1 million as of the end of March.

Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.15% in the Tulare County pooled fund, .53% at the state LAIF, and 1.0% with CalTrust. She also referred the Board to the graphical depiction of such investment rate trends since 2008. Ms. Artis lastly indicated that the District possesses sufficient cash to cover six month's expenses.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board, and highlighted several such bills. Director Bixler asked for details on consultant costs for the McKay Pt project; Director Rogers inquired about vehicle repair billings, and Director Thomas sought clarification on legal billings, all of which were addressed by staff. By the motion of Director Rogers, second by Director Thomas and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 47343 through 47412 totaling \$1,022,741.87 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

2015 Audit Process - Ms. Artis then indicated that the auditing firm of Cuttone & Mastro spent the better part of one day at the District office reviewing financial statements for last year. She added that the review process is essentially complete, save for a few questions and pending responses by staff.

Management Staff Reports:

Mid-Kaweah GSA - Mr. Hendrix summarized the status of the ongoing Mid-Kaweah GSA activities. He indicated that a GSA board meeting is to be held this afternoon, and that a budget for the next fiscal year is to be considered. He added that an advisory committee was held yesterday at the District office, with several members of the public present in addition to the committee members. Mr. Hendrix then noted that DWR is expected to adopted its revised sustainability plan regulations on

June 1st, and that some 160 comment letters were received on the initial draft of the regulations.

Prop 1 Ag. Water Use Efficiency Grant - Mr. Fukuda summarized the process by which he and Provost & Pritchard prepared a grant application for the Cordeniz Basin project and submitted it to DWR. He indicated that a grant award was not given for this project, and that DWR considered the project as a "groundwater banking" facility, which type of project was ineligible for this grant program. Mr. Fukuda added that this type of facility is generally considered as a recharge-only project, and that clarification should be made in DWR's grant application guidelines as to what is meant by a banking project.

2015 Water Management Operations Report - Mr. Hendrix referred the Board to the report delivered to the City of Tulare covering last year's recharge operations. He called attention to the rolling-average calculation of the "Credited Water Balance," and that such calculation has turned negative due to the extended drought period and lack of groundwater recharge. He added that a couple of wetter years will be needed to turn this indicator around to a positive status as was maintained in years prior to the drought.

Matters for Consideration of Board Action:

Resolution No. 16-04 - Mr. Hendrix thereupon stated that this resolution was to authorize execution of an agreement with USBR for the sale and acquisition by the District of Unreleased Restoration Flows (URF), the amount of such water being 6,602 AF at a cost of \$60 per AF. Upon the motion of Director Borges and second by Director Thomas, duly put and unanimously carried, Resolution 16-04, authorizing execution of a URF agreement for 6,602 AF, was adopted.

Resolution No. 16-05 - Mr. Hendrix next stated that the subject resolution was for the purpose of authorizing execution of a temporary water service (Section 215 water) contract with USBR, said contract to be utilized should surplus water be made available from the Friant Unit through February 2017. Upon the motion of Director Borges and second by Director Rogers, duly put and unanimously carried, Resolution 16-05, approving execution of a temporary water service contract with USBR for contract year 2016, was adopted.

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 thereupon summarized the content of the April 28th meeting of the Friant WA board. He made mention of discussions concerning FWA's strategic plan, the CVP water supply situation and Delta export operations, and updates on the Restoration Program implementation.

Director Bixler next summarized the ACWA/JPIA board meeting held on May 2nd at the ACWA Monterey conference. He noted that new membership and reinstatement issues were a central topic of discussion. Director Thomas then recounted the matters dealt with at the April 13th meeting of WWC, which included a net assessment of \$275, a water supply report, prior employee dispute matters, and manager discussions with Bee Sweet regarding expansion of Bravo Lake. He noted that a discussion was also held regarding the governance structure along the east side of the basin to comply with SGMA.

Director Rogers then provided an update on the public outreach activities of the Calif. Farm Water Coalition discussed at its April 25th board meeting.

Closed Session:

The Board then adjourned into closed session in accordance with Gov't. Code §54956.9(a). Upon return to open session it was reported that the Board authorized District legal counsel's execution of the settlement in the case "Friant et al v. SWRCB, Placer County Superior Court Case No. SCV-003169."

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

J. Paul "Gendry"
Secretary

David G. Butler
President