

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
14th DAY OF JUNE 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 was Don Wright, a representative of the Renewable Resources Group, and Richard Zack, a local historian. The meeting was called to order by President Bixler.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held May 10 and special meeting held May 31, 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 Martin, unanimously carried by all board members present, the minutes of the meetings were thereupon approved as presented.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw remarked that the Three Rivers gauge is reading 730 cfs and is dropping, and that earlier peak inflows were in the 1,650 to 1,950 cfs range. He said too that Lake Kaweah storage has likely peaked for the season at 167,259 AF and is now receding. Mr. Crenshaw went on to discuss Wutchumna WC flows and other units' operations as well. Mr. Crenshaw summed up the supplies now available for the summer run to amount to a five-week irrigation run and an allocation of 0.4 AF per acre as reported in May. The Board then sought additional information regarding CVP supplies, transfers and exchanges, and discussions ensued over this topic, including how some of the exchanges may impact the District's dependence on Wutchumna Ditch flow capacity.

Mr. Crenshaw then reported there were no diversions in May and thus no change to diversions and headgate deliveries to-date for the year. He next presented graphical information depicting the snow water content progression during this and prior water years of similar precipitation amounts.

Terminus Hydropower Operations - Mr. Crenshaw then showed the Board a graph of releases at Terminus Dam v. power production during the year, noting that 513 MW-Hrs have been generated thus far.

Water Management Activities - Mr. Hendrix then reviewed the status of the USBR's Unreleased Restoration Flow supply availability, and how the estimated total may be allotted to sales and exchange programs as may be proposed by Friant districts. He reiterated that an exchange proposal as has been previously outlined before the Board will be submitted by the District.

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 the field crews were busy with pipeline and turnout

repairs, weed and rodent abatement, and canal bank grading. He also noted that sinking basin work including discing and repair of an inlet structure at the Swall site. Mr. Fox next reported that the City of Tulare is seeking additional assistance on storm water basin remediation, and staff is evaluating the District's capabilities and cost to perform the requested work. In regards to the Cordeniz project, Mr. Fox indicated that this will be covered later in the agenda. Some discussion then ensued on the subject of weed control and associated herbicide usage.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of May 2016 for the Board's review and consideration. She cited \$110,700 as income for the month and, including one-half of the annual assessments now booked as income, \$1.78 million for the year to-date. She next highlighted expense sub-totals and summarized with reporting a net O&M loss to-date of \$1.16 million, and a loss of \$1.81 million with inclusion of capital outlay and loan principal payments. Ms. Artis next reviewed the statement of cash flows, citing cash on hand being down for the year by \$2.3 million. She lastly reported on the statement of net assets and fielded questions concerning the Swall and McKay Pt project expense accruals.

Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.43% in the Tulare County pooled fund, .55% at the state LAIF, and 0.99% with CalTrust. She also referred the Board to the graphical depiction of such investment rate trends since January 2009. 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. These included a payment to BSK for monitoring well installations, an advance to the Mid-Kaweah GSA, new scraper lease-to-buy payment, and legal counsel costs. 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. 47413 through 47491 totaling \$881,083.05 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

2015 Audit Process - Ms. Artis then stated that the audit report is nearly complete and that it will be presented for Board acceptance at the July meeting.

Management Staff Reports:

Mid-Kaweah GSA - Mr. Hendrix summarized the status of the ongoing Mid-Kaweah GSA activities. He indicated that no June meeting will be held. He added that outreach discussions with other basin entities and the county governance facilitator have begun, and that Mid-Kaweah's consultant team has been involved. He also reported on the status of GSA formation elsewhere in the Kaweah Sub-Basin. Director Thomas asked about the role of Tulare County, and Mr. Hendrix said that they must participate in the SGMA compliance effort for land areas not contained within any other GSA governing entity.

Cordeniz Basin Project - Mr. Fukuda thereupon briefed the Board on a visitation by two Deputy Commissioners from the USBR to the Cordeniz Basin project site. He indicated that President Bixler was on hand for the visit, as were several other USBR officials. Mr. Fukuda then gave an overview of the groundwater monitoring plan as part of the project, noting the location of the four dedicated monitoring wells,

costs and engineering details. Discussion then ensued regarding the new wells and how these may be part of a larger monitoring plan for SGMA compliance. Director Martin asked about the validity of the existing data base of depth-to-water from existing agricultural wells and how this data may also fit into the SGMA monitoring program.

Matters for Consideration of Board Action:

Resolution No. 16-06 - Mr. Hendrix thereupon stated that this resolution was to authorize execution of an agreement with the USBR for the sale and acquisition by the District of Unreleased Restoration Flows (URF), the amount of such water being up to 2,813 AF at a cost of \$150 per AF. Upon the motion of Director Martin and second by Director Borges, duly put and unanimously carried, Resolution 16-06, authorizing execution of a URF sales agreement for 2,813 AF, was adopted.

Exchange Agreement with Sun World - Mr. Hendrix next summarized the discussion history with Sun World regarding a long-term exchange of water supplies, that being Sun World's Rayo WC supply in trade for a portion of the District's Friant water. He reviewed terms and conditions of a proposed exchange agreement, including a return of both Class 2 and Class 1 supplies to Sun World for access to all of Sun World's Rayo water, exchange fees and cost reimbursement by Sun World, and the term of the agreement being 25 years. By the motion of Director Thomas, second by Director Borges and unanimously carried by all board members present, the proposed terms and conditions of the exchange arrangement were approved, subject to preparation of a final form of agreement and authorization to execute same.

Review and Approval of Revised Budget - Mr. Hendrix then proceeded to summarize the Revised 2016 Budget report, calling out projected income of \$8.70 million and total expenses of \$9.95 million, both down from the amounts in the preliminary budget approved in January. He reviewed some of the salient line items of the budget, namely water sale income, CVP water costs, capital projects and projected cash flow through the end of the year. Mr. Hendrix indicated that cash reserves would stand at about \$10.93 million at year's end, and discussion followed as to how such reserves may be accessed for future expenses should revenues continue to fall short of expenses in the near-term future. At the conclusion of the discussion, it was moved by Director Borges, seconded by Director Martin and unanimously approved by all board members present, that the Revised 2016 Budget be approved as presented.

Closed Session:

The Board then adjourned into closed session in accordance with Gov't. Code §54956.9(b). Upon return to open session, the Board resumed to address other action items on the agenda.

Matters for Consideration of Board Action: (cont'd.)

Resolution No. 16-07 - Mr. Hendrix thereupon noted the upcoming November local election for District Divisions 3, 4 and 5 director seats. Such an election, if needed, is to be merged with the county-wide election for other special district elective officers. By the motion of Director Thomas and second by Director Martin, duly put and unanimously carried, Resolution No. 16-07 consenting said election to county-wide consolidation, 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 May 26th meeting of the Friant WA board. He highlighted a review of the O&M budget and SCADA improvements therein, a call for funds and news regarding the federal drought legislation for California. Director Borges next summarized the content of the K&SJRA and KBWQA meetings held on June 9th. At the Rivers Association meeting, the status of the USCE outlet gates was the central focus; at the Water Quality Association meeting, updates were provided on the ILRP, non-paying member revocations, and meetings and dialogue with the SWRCB concerning the revised General order and protections for domestic wells.

Director Bixler next briefed the Board on the May 18th meeting of the KRPA. He made note of the board's approval of a capitalization policy, removal of the automatic gate at the Ragle site on the Wutchumna Ditch, a determination to not pursue any power enhancement projects this season, and staff meetings with the Unit No. 2 engineering consultants. Regarding the ACWA board meeting held on June 3rd, Director Bixler said that the central topic of discussion was pending state water transfer legislation.

Director Thomas then recounted the matters dealt with at the May 11th meeting of WWC, which included a net assessment of \$250 per share. He noted that the Wutchumna Ditch will be operating at maximum capacity this summer to accommodate the needs to the District, and the flow in the Ditch at its Kaweah River intake should be sustained at about 400 cfs to meet all shareholder water orders.

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


Secretary


President