

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE TULARE IRRIGATION DISTRICT HELD ON THE  
10<sup>th</sup> DAY OF JANUARY 2017 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; Kathi Artis, Controller and Treasurer, Beth Holmes, Senior Administrator and Assessor-Collector; Wayne Fox, O&M Superintendent; Aaron Fukuda, Engineer; and Marco Crenshaw, Watermaster. Also present were Scott Kuney, District Special Counsel (via teleconference) and Don Wright, a representative of the Renewable Resources Group. The meeting was called to order by President Bixler. It was then noted that item 2.B had been added to the agenda as originally distributed.

Public Comments:

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

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held December 13, 2016 had been distributed and asked if there were any errors or omissions noted therein. With one correction, and by the motion of Director Thomas and second by Director Martin, unanimously carried by all board members present, the minutes of the meeting were thereupon approved.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw began with noting that the plan to lower the Lake Kaweah water level sufficiently to complete the USCE intake tower repairs is now on hold with the onset of wet weather. Inflows from Dry Creek into the river are also now becoming a matter of concern. Mr. Crenshaw then reported that 6,000 cfs is being released into the San Joaquin River from Millerton Dam due to large inflows. He noted that about 10,000 AF of supply from both the Kaweah sources and Friant are in the District's name. Last year, the District diverted 92,000 AF, 53% of which having been sold at canal-side turnouts.

Water Supply Outlook - Mr. Crenshaw next indicated that rainfall stands at 134% of normal to-date at the District's yard. He then discussed upcoming weather patterns and presented charts of snowpack data for the Kaweah and San Joaquin watersheds.

Water Sale Rate - Mr. Hendrix opened the discussion of water sale rates and on-farm recharge possibilities, given the current surplus water supply conditions. Mr. Fukuda then reviewed last year's attempts to initiate an on-farm recharge program in anticipation of El Niño conditions. After Board deliberations concerning the price of water the Board, by the motion of Director Martin, second by Director Rogers and unanimously carried by all board members present, a sale price of \$10/AF was approved, with an offer of recharge water at no cost provided that the Water User commits to delivery of water up to a date certain.

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 devoted his presentation to the content of the fourth-quarter 2016 O&M report, highlighting the safety program activities, canal system repairs, vehicle maintenance, herbicide applications, and ongoing construction projects.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of December 2016 for the Board's review and consideration. She cited annual income of \$5.6 million, said amount being 64% of the amount budgeted. She noted that the discrepancy was mainly due to anticipated state grant funds which didn't materialize. Ms. Artis also cited \$7.7 million in expenses, said amount being 96% of the amount budgeted. Ms. Artis next presented the statement of cash flows, calling out cash on hand of \$7.65 million and project construction costs of 2.47 million for the year. She then proceeded with review of the statement of net assets and investment data for perusal by the Board. Monthly yield figures were 1.37%, .68% and 1.13% for funds residing in Tulare County's money pool, LAIF and CalTRUST, respectively.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. She made note of the first two listed checks to Piranha and Aqua Systems as being associated with grant-funded projects. The Board thereupon reviewed the balance of the list of bills. By the motion of Director Borges, second by Director Rogers and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 48019 through 48126 totaling \$680,674.02 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Closed Session:

The Board thereupon adjourned to closed session per Govt. Code §54956.9(a). Upon return to open session, it was reported that no action was taken in open session.

Assessor-Collector Report:

Ms. Holmes reported that a total of 2,398 assessment billings were mailed out, and that 97% of the first installment and 37% of the second installment have been received. She further noted that some prior unpaid prior-year unpaid assessments and water tolls were paid as well.

Management Staff Reports:

Mid-Kaweah GSA - Mr. Hendrix reported that a boundary overlap issue remains unresolved between the Greater and East Kaweah GSAs, and that the state DWR thus will not recognize either GSA as being official. He also summarized the meeting of the Mid-Kaweah technical advisory committee and its intention to add members representing the East Kaweah GSA. Lastly, he made mention of the Mid-Kaweah board meeting scheduled for this afternoon.

Area Pipeline Replacement - Mr. Fukuda provided an overview of the engineering assessment of the Area Pipelines, condition thereof and replacement costs. He noted the average age of these unreinforced

concrete pressure lines to be 52 years, and that replacing all of them would be in the cost range of \$5 million. He noted that his next effort will be to compare this capital cost with the ongoing costs to repair leaks and other maintenance on the existing pipelines, and to investigate capacity increases with replacement and potential access to grant funds for construction. After some questions and discussion by the Board, the general consensus was that pipeline replacements should be held off for the time being.

Matters for Consideration of Board Action:

Resolution No. 17-01 - Mr. Hendrix brought to the Board's attention the subject resolution and associated listings of appointments, proxies and representations to be identified as among board members and staff. It was agreed that the current slate of such persons are again appropriate for the current year. Also, the Board acknowledged alterations in the representation on the Tulare Irrigation Company board and corrections to the ACWA board representation. With the foregoing changes, Resolution No. 17-01 was adopted with the motion by Director Martin, second by Director Thomas, and duly put to vote and unanimously carried by all board members present.

2017 Preliminary Budget - Mr. Hendrix thereupon reviewed the District budget report as presented to the Board. He cited projected income of \$10.3 million, O&M expenses of \$8.5 million, and capital costs of \$1.3 million, the combination of which should leave the District in the range of \$10 million in cash reserves at year's end. He highlighted key line items, including an assumed summer water sale rate of \$45 and capital costs for the Modernization Phase II and Cordeniz Basin projects. Mr. Hendrix also called attention to the last page of the report depicting the reserve fund transfers and noted that these transfers will be considered as part and parcel to the Board's approval of the budget. By the motion of Director Martin, second by Director Thomas and unanimously carried by all board members present, the 2017 preliminary budget and its reserve fund transfers as depicted therein was approved.

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 reviewed the highlights of the Friant WA meeting held on December 30<sup>th</sup>. He indicated that the entire meeting was held in closed session. He then made note that the K&SJRA board meeting held on January 5<sup>th</sup> was quite brief and dealt mostly with water supply updates and the Delta Lands request to divert flood waters into the Friant-Kern Canal.

Director Martin then reviewed the agenda before the January 5<sup>th</sup> meeting of the KBWQA, stating workshops of various sorts are being held for grower edification.

Director Thomas then summarized the substance of the Wutchumna WC meeting held on December 14<sup>th</sup>, noting that the annual meeting of the shareholders thereof was held as well. He made mention of a \$325 assessment per share with a small withdrawal from the Company's trust fund. Director Thomas also noted that James Jordan of Wonderful was appointed to be the Company's representative on the East Kaweah GSA board of directors.

There being no other items to come before the Board of Directors, the

meeting was then adjourned.

J. Paul Hendrix  
Secretary

David Y. Bester  
President