

**MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
21st DAY OF FEBRUARY 2014 AT THE HOUR OF 2:00 P.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; Wayne Fox, O&M Superintendent; Aaron Fukuda, Engineer; and Beth Holmes, Assessor-Collector. Also present was Alex Peltzer, District Counsel, and Congressman David Valadao. The meeting was called to order by President Bixler.

Public Comments:

Congressman Valadao was introduced as the sponsor of HR 3964, a bill designed to provide relief from certain ESA requirements as they impact federal water project deliveries in California and to implement measures to improve the administration of the CVPIA. Congressman Valadao proceeded to discuss with the Board the origins of the bill, its passage out of the House, and possible linkage to a Senate bill also dealing with drought water problems in the state. Mr. Peltzer and Mr. Hendrix reiterated the various interests and concerns regarding legislation to address the current drought and long-term needs of the Friant service area in the course of this discussion.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held January 14, 2014 had been distributed and asked if there were any errors or omissions noted therein. There being none, and upon the motion of Director Thomas, second by Director Borges and unanimously carried, the minutes of the meeting were thereupon approved.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Hendrix summarized the storage situation at Lake Kaweah and outlook for the District's future entitlement accruals.

Water Supply Outlook - Mr. Hendrix reported that the current Friant Class 1 allocation, announced earlier today, was zero. Mr. Hendrix then went on to note rainfall to-date at the District's yard of 21% of average, and then presented snow water equivalent and precipitation charts for the Sacramento and San Joaquin watersheds, noting that this winter may turn out to be record-setting in terms of dryness. He then presented a tabulation of water allocation impacts to the District stemming from the Settlement, the Exchange Contract for a substitute supply from Lake Shasta, and additional calls under the LSID exchange due to such impacts.

Water Management Activities - Mr. Hendrix indicated that about 1,400 AF of Restoration recirculated water remains in the District's name in San Luis Reservoir. He added that transfers of this water to landowners within Westlands WD were being arranged at prices reflective of the west-side's supply scarcity.

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 commented that considerable work in the conveyance system upstream of the District is taking place due to the lack of water flows otherwise occurring in the winter months. He described the joint effort with KDWCD in re-establishing the original Ketchum Ditch connection to the St. Johns River. In-district work was reviewed by Mr. Fox to include grading, basin mowing, pre-emergent

applications, canal debris removal and O&M yard facility improvements. Regarding construction projects, Mr. Fox said that fencing of the Swall Basin will be soon underway. He closed with informing the Board that, in light of no ditch-tending crew needs being anticipated, outside construction work is being sought for revenue-generating purposes and to keep staff busy.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis brought to the Board's attention the financial statements for the month of January 2014 for their review and consideration. She noted the insertion of budget figures for 2014 and that, for the month of January, the District experienced a net loss of \$409,500.

Ms. Artis next reviewed the statement of net assets and changes from last year, accounts receivable details, fixed assets, investments, liabilities and construction-in-progress figures.

Ms. Artis then reviewed graphical depictions of historical investment yields at both the state LAIF, County pooled fund and Citizens Business Bank money fund, citing posted yields of 0.24% for LAIF, 1.10% for the County, and 0.35% for Citizens Bank. She then made reference to the amortization schedule for the 9(d) contract loan from Banc of America.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. After some discussion and questions regarding selected bills, and by the motion of Director Martin, second by Director Thomas and unanimously carried, the Board accepted the financial statements and, by said motion, check nos. 44730 through 44830 totaling \$682,581.85 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Audit Preparation - Ms. Artis then reported that the auditors had finished their on-site review of the District's accounting records in one day, and that a 2013 audit report may be forthcoming at the March board meeting.

Assessor-Collector Report:

Ms. Holmes thereupon reviewed an assessment made in error, said error due to property being acquired by the Tulare County Office of Education subsequent to the November 2013 levy of assessment. With this 11-acre parcel now in the hands of a public entity, Ms. Holmes indicated that a Board action would be necessary to terminate said assessment. By the motion of Director Thomas and second by Director Borges, unanimously carried, the 2014 assessment on APN 126-340-005-000 was declared terminated.

Closed Session:

The Board then adjourned to a closed session per Gov't. Code §54956.9(a). No actions were taken in closed session and the Board thereupon returned to open session.

Management Staff Reports:

Tailwater Drains - Mr. Fukuda told the Board that sufficient time had passed to take action since the 90-day notification letter had been issued to landowners with tailwater drains leading into the District's canal system. He indicated that, subsequent to final notification to applicable landowners as to removal date, such drains will now be taken out by District forces. Some discussion was held regarding the necessary care to ensure that bank compaction after removal is adequate.

Visalia Water Exchange - Mr. Fukuda next updated the Board on Visalia's schedule for the treatment plant and Evans pipeline construction projects. He said that legal issues concerning the bidding process had been resolved and that contractors awards have now been made. He also

made mention of a ground-breaking ceremony to be held at the treatment plant on March 27th.

NRCS Grant - Mr. Fukuda notified the Board that another \$750,000 had recently been awarded for on-farm water conservation projects to landowners within the District's service area. He indicated that further inquiries will be made as to which types of projects, to and including tailwater recirculation systems, may qualify for this money.

McKay Pt Reservoir Project - Mr. Fukuda then briefed the Board regarding the three public scoping sessions held as part of the EIR preparation for the project. He described the general number of commenters and concerns aired thereby at the Woodlake, Visalia and Tulare sessions, saying that most of them revolved around potential groundwater impacts.

Cordinez Basin Project - Mr. Fukuda then provided an update on the property transaction regarding the Cordinez Basin. He stated that the property is still in escrow, awaiting signatures from all family members constituting the seller. He added that a row-crop lease was pending on the parcel, and the Board requested more information as to groundwater access on the property prior to considering another such lease.

USBR Mid-Pacific Region Conference - Mr. Hendrix announced that the District was awarded the Director's Water Conservation Award for 2014 and was presented the same at last month's Water Users' Conference in Reno.

History Project Manuscript - This update was tabled until a later meeting.

Matters for Consideration of Board Action:

Resolution No. 14-03 - Mr. Hendrix indicated that action by resolution is needed by each member of the Friant Water Authority approving an amendment to its Joint Powers Agreement to allow for the inclusion of the City of Fresno as a member of said FWA. He noted that the FWA board had acted to support the addition of Fresno as a member in August 2013. By the motion of Director Borges and second by Director Thomas, duly put to vote and unanimously carried, Resolution No. 14-03, approving the amendment to the subject Agreement to accommodate the addition of Fresno as a member of the FWA, was adopted.

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 then summarized the content of the KBWQA meeting held on February 6th. He noted that Provost & Pritchard was awarded the contracts for association administration and technical work. The first year's budget is for \$1.79 million; the per-acre assessment is \$100 plus \$9 per acre. He also noted that member outreach is forthcoming and addressed some wrap-up items as part of the old coalition. He then covered the items dealt with at the KSJRA board meeting, noting that the Farewell Gap snow sensor is to be finally repaired by DWR.

Director Borges next summarized the matters dealt with at the December 13th FWA board meeting, including drought-related legislation, Restoration flows, carryover water status and the expediting of Warren Act approvals for the discharge of pumped groundwater into the canal this season.

Director Borges also mentioned his attendance at the January 16th shareholders meeting of Consolidated Peoples Ditch Co., noting the review of the company's water sales via the Friant-Kern Canal last year.

Director Bixler then covered his attendance at the January 20th quarterly meeting of TIC, noting that governance continues with the same slate of officers, the levy of a \$45 assessment, and a review of the status of the Ketchum property and earlier insurance claim. Director Bixler also made

mention of his attendance and topics addressed at the annual meeting of the Visalia & Kaweah Water Co. on January 27th and the ACWA board meeting on January 31st.

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

J. Paul Hendrix
Secretary

David G. Butler
President