

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
11th DAY OF MARCH 2014 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; Wayne Fox, O&M Superintendent; Aaron Fukuda, Engineer; and Marco Crenshaw, Watermaster. 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 special meeting held February 21, 2014 had been distributed and asked if there were any errors or omissions noted therein. There being none, and upon the motion of Director Borges, second by Director Thomas and unanimously carried by all board members present, the minutes of the meeting were thereupon approved.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw said there is about 22,000 AF in Lake Kaweah, of which 822 AF is in the District's name. Director Borges asked if any of the District's Consolidated Peoples DC water is in that total. Mr. Crenshaw noted that the District's CPDC entitlement is usually transferred only once each year as an aggregate amount, which transfer is yet to occur this year.

Water Supply Outlook - Mr. Crenshaw reported that the current Friant Class 1 allocation stands at zero. He then went on to note rainfall to-date at the District's yard of 33% of average, and then presented snow water equivalent graphs for the San Joaquin watershed, noting that the water content is running 21% of the April 1st average across the basin. He next indicated that DWR's runoff projection for the Kaweah River is only 28% of average, which may yield about 9,000 AF to the District. His concluding comment was that it remains likely that USBR will direct all Friant 2014 supplies from Lake Millerton to the lower San Joaquin River Exchange Contractors to satisfy their projected shortfall in deliveries from the CVP San Luis Unit.

Water Management Activities - Mr. Hendrix reviewed the final disposition of 2013 water supplies, making note of some of the higher sale rates for some of this water later in the year as the drought intensified. Director Borges asked how much of the water was disposed of as an exchange, and Mr. Hendrix said that, under several exchange agreements, about .9 AF will return for every 1 AF assigned to others last year. Director Martin noted the result of market activities engaged in by the District last year as possibly affecting the prices paid by the District in the future to buy water.

Groundwater Level Survey - Mr. Crenshaw lastly presented tabular and graphical information on the results of the spring depth-to-groundwater survey. He indicated that the average across the District was a depth of 154 ft. Some discussion ensued as to the apparent reduced number of wells utilized in the survey as compared to previous years.

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 first said that all mowing along ditch banks has been completed for the time being. He added that work around the District's yard included erection of a truck cover structure in the northeast corner of the yard is ongoing, as is work at the Ketchum Ditch diversion works at the St. Johns River and weed contact spray applications. Also, Mr. Fox made note of the removal of tail water drains, earth work at the Anderson Basin, trash removal from ditches, and reoccurring repair problems with the Komatsu excavator. The Board brought up the advisability of using District staff in yard landscape maintenance work to keep would-be Ditchtenders busy this season, and Mr. Fox said that this will be looked into.

Mr. Fukuda added that fencing is being installed around the Swall Basin, and that a monitoring well will soon be drilled, possibly more if there are unspent grant funds. It was brought up if such monitoring wells could be used for the RWQCB's irrigated lands regulatory program. Mr. Fukuda commented that such wells may be required in the future to replace the reliance on producing deep wells for groundwater depth survey information.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis brought to the Board's attention the financial statements for the month of February 2014 for their review and consideration. She noted from the revenue and expense statement the net cash flow to-date of \$157,020. She noted that fuel purchases included both gas and diesel in February. She called attention to the statement of cash flows showing cash as of the end of the month of \$15,532,450.

Ms. Artis next reviewed the statement of net assets, calling out the cash break-out, 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 and 1.26% for the County. She lastly 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. Questions were fielded concerning the payment to LSID and to USBR for recirculated water. After some further discussion and questions regarding selected bills, and by the motion of Director Martin, second by Director Thomas and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 44831 through 44887 totaling \$394,388.56 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

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:

McKay Pt Reservoir Project - Mr. Hendrix then briefed the Board regarding the anticipated costs and royalty revenues associated with the McKay Pt reservoir project. He made note of the cost reimbursement from the other two property owners commencing in 2016. He presented a cash-flow graph which depicted a break-even financial position at the completion of the project. Mr. Hendrix noted that the proposed large pump facility at the Kaweah River inlet structure, costing about \$3 million, may be reconfigured to save money, and that the decision as to the facility

design construction can be deferred for a few years. Based on the net cost projections as presented, the Board reaffirmed its support for the project.

Cordinez Basin Project - Mr. Fukuda then provided an update on the design features of the Cordinez Basin project, noting first that the escrow process for property acquisition is soon coming to a close. He addressed the necessary easements, Serpa Ditch and pipeline configurations, and communications with Dr. Kumar, the adjacent landowner. Mr. Fukuda then brought up the potential renewal of a row-crop lease, making note of the deep well characteristics on the property. After some discussion as to groundwater conditions and liabilities, the Board directed staff to not renew any such crop lease.

Matters for Consideration of Board Action:

Services Agreement for Tulare Irrigation Co. - Mr. Hendrix reviewed the proposed Agreement to Provide Services for Tulare Irrigation Co., highlighting the insurance and indemnification clauses contained therein and noting that the agreement is consistent with that executed by the Board for Evans Ditch Co. The Board, by the motion of Director Martin, second by Director Thomas and unanimously carried by all board members present, approved the execution of the agreement.

Settlement Part III Grant Project - Mr. Fukuda next summarized two consulting services contracts to advance the USBR Part III grant project. One is at a cost of \$116,000 with Provost & Pritchard to engage in design services for the Cordinez Basin project, and the other is at a cost of \$150,400 with HydroMetrics for the proposed groundwater conjunctive use study and implementation plan. There ensued some discussion as to the purpose and benefits of the Part III grant and proposed groundwater recharge study as an element thereof. By the motion of Director Borges, second by Director Thomas and unanimously carried by all board members present, the contracts were approved for execution.

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 next summarized the matters dealt with at the February 27th FWA board meeting, which included the USBR water supply report and lack of Class 1 water for Friant contractors, membership in the Valley Ag Water Coalition, a conference call with John Watts of Senator Feinstein's staff, the disposition and sale of unreleased Settlement flows, and the SWRCB's pending operational requirements on the CVP and SWP to meet health and safety water needs this year.

Director Borges then summarized the matters dealt with at the KRPA meeting held on February 26th. He made mention of the issuance of a water rights permit from SWRCB, action on the audit report, and presentation by a representative of HDR, a consultant on the Unit 2 project team.

Directors Martin and Borges next summarized the March 6th K&SJRA and KBWQA meetings. Highlighted were the sub-watershed funds retention, future split of costs as among the four basin regions, membership notifications and storm flow testing. It was noted that Provost & Pritchard was awarded both the administrative and technical contracts for services to the KBWQA, and that the budget is approximately \$1.8 million.

Directors Bixler and Thomas then covered their attendance at the District/City of Tulare Operations Committee held on March 10th. They noted topics addressed which included the drought and water supply allocations as well as the McKay Pt Reservoir project.

Lastly, Director Rogers summarized the subjects discussed at the February 24th meeting of the Calif. Farm Water Coalition. He said that much

discussion was devoted to the drought and CFWC's responses to related inquiries, and that one member dropped out due to budget considerations. Director Rogers concluded with noting that the CFWC is an important organization speaking out on behalf of the agricultural community and its views on water issues.

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

J. Paul Hendrix
Secretary

David G. Biele
President