

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
9th DAY OF SEPTEMBER 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 and Dave Martin. Director Mike Thomas 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 Marco Crenshaw, Watermaster. Also present were Alex Peltzer, District Council; and Richard Zack, history consultant. The meeting was called to order by President Bixler.

Public Comments:

Mr. Zack announced that in this month 125 years ago the District was established under the Wright Act, one of the first such districts to do so. He went on to mention the legal challenges to its formation, noting that the case was finally decided in the U.S. Supreme Court, upholding the validity of the District's status. He concluded with a status report on his quest to find more information on J. Goldman, considered the founding father of the District, and thanked the Board for the opportunity to work on the history book.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held August 12, 2014 had been distributed and asked if there were any errors or omissions noted therein. Seeing none, by the motion of Director Martin, second by Director Rogers and 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 began with a report of storage in Lake Kaweah of about 19,000 AF. He added that inflow was down to 16 cfs while releases, mostly to Wutchumna WC, were at 82 cfs as of yesterday. He then reviewed the District's water supplies, noting that nearly all of its Kaweah entitlement 9,000 AF will be delivered to LSID, and a small amount will be held over in storage. There ensued discussions regarding LSID's water supply needs and use of the District's supplies this year.

Terminus Hydropower Operations - No report given.

Water Management Activities - No report given.

O&M Superintendent Report:

Routine Work, Outside 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 reported on canal invert clearing work on the Main Canal, Packwood Creek, and Cameron Creek, noting weed removal as well. Mr. Fox said eight of the City of Tulare's storm water basins have been refurbished by District crews and that the pipeline crossing for A. Borba had been completed as well. He concluded with a status report on District assistance with the pedestrian bridge at Mooney Grove, noting that the bridge deck needed to be poured in order for final footing attachments to be undertaken.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial

statements for the month of August 2014 for the Board's review and consideration. Beginning with the revenue and expense report, she noted about \$48,000 in non-water sales & service, most of which came from work for the City. She then cited income for the month of \$49,960 and \$3.93 million to-date. Regarding expenses, Ms. Artis mentioned Friant WA call-for-funds payments and weed control costs. She added that the operations net loss for August was \$448,660. She then detailed capital outlay and loan cost figures. Ms. Artis moved on to the statement of cash flows and statement of net assets. Ms. Artis then detailed the District's investments, citing yield rates of 1.03% in the Tulare County pooled fund and 0.24% at the state LAIF. She lastly called the Board's attention to the amortization schedule for the Banc of America 9(d) contract loan.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. She and Mr. Crenshaw explained the reconciliation payment to the USBR, saying that the \$102,770 payment envelopes all needed adjustments back to 1994. After some further questions regarding selected bills and by the motion of Director Martin, second by Director Rogers and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 45356 through 45438 totaling \$385,782.09 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Assessor-Collector Report:

Unpaid Assessments - Ms. Artis stated that, per the recent arrangements made with Tulare County, unpaid assessments amounting to \$1,402 from the years 2005-08 have been placed on the County's property tax roles. She added that \$22,599 of delinquent assessments for more recent years remain with the District for collection.

Assessment in Error - Ms. Artis then said that, due to a computer software billing problem, one parcel was billed twice for this year's assessment levy. By the motion of Director Borges and second by Director Rogers and unanimously carried by all directors present, the additional 2014 assessment on APN 168-036-012-000 was removed.

Management Staff Reports:

Packwood Creek Piping Project - Mr. Fukuda summarized the understandings reached with G. Watte, stating that he is willing to contribute \$20,000 towards the project. He and Mr. Crenshaw then reiterated the benefits of the District afforded by the 36-inch pipeline, including reductions in spills during irrigation runs. Mr. Fukuda indicated that the entire project, including District labor, will cost an estimated \$150,000. The Board expressed support to pursue the project provided Mr. Watte is to contribute \$20,000 thereto.

State Groundwater legislation - Mr. Hendrix reviewed the prior briefings given to the Board regarding groundwater regulation, and then proceeded to provide an update on recent activities. He commented that the potential legislation, if passed into law, would constitute a major water supply impact on the San Joaquin Valley, rivaling the Delta export restrictions and San Joaquin River Settlement for fishery purposes. Mr. Hendrix then described the three bills in play that would implement the new regulations, the formation of Groundwater Sustainability Agencies, development of Groundwater Sustainability Plans, timelines for implementation, and other elements of the bills.

There ensued considerable discussion among board members as to the ramifications of the legislation. Director Borges expressed reservations in taking on the requisite policing powers to manage groundwater pumping. Director Martin noted problems in the area with shallow domestic wells giving out and influences from nearby agricultural wells. He and other board members conceded the ultimate need to bring the groundwater usage into balance but added that the region's insufficient surface water supply plays a key role in this imbalance. Mr. Hendrix concluded with an overview of reasons that the District should consider forming as a

Groundwater Sustainability Agency, noting the considerable involvement the District plays in regional groundwater management with its conjunctive use operations and importation of CVP surface water.

Closed Session:

The Board then adjourned to a closed session per Government Code § 54956.9(b), during which no actions were taken.

Management Staff Reports (con't.):

District Tour - Mr. Hendrix made note of a planned tour of District operations in November by an irrigation association from New Zealand. He mentioned too that the tour group was desirous of seeing on-farm operations as well, and that such arrangements will be made by staff.

Visalia Water Exchange - Mr. Hendrix stated that the USBR approval - by issuance of an Environmental Assessment and Finding of No Significant Impact - has been given for the proposed water exchange with the City of Visalia. He added that, should the 2014-15 winter turn wet, any Friant water surplus to in-district needs will be diverted by the District to City recharge locations.

Unreleased Restoration Flows - Mr. Hendrix next summarized the intent of the Settlement legislation with respect to Restoration Flow supplies in excess of San Joaquin River channel capacity. Such water, starting this year, may be utilized by the Restoration program for banking, exchange or sale purposes. A priority is being given to assigning such water to Friant contractors, subject to mutually-agreeable terms and conditions. Mr. Hendrix noted that prices to purchase such water, thought to occur primarily in wet years, may be higher than anticipated and that he is also pursuing an exchange arrangement in lieu of a purchase of any such water available to the District.

Landowner Meeting - Mr. Hendrix indicated that staff is planning for a landowner meeting this fall which will address (a) drought water supplies and disposition, (b) Friant WA issues, (c) groundwater regulation, and (d) future plans and projects under consideration by the District.

Matters for Consideration of Board Action:

Meeting of Board of Equalization - Director Bixler thereupon called the Equalization Board to order. Mr. Hendrix indicated that no written comments have been received regarding the assessment and related valuations for 2015 and it was acknowledged that no members of the public were present before the Board of Equalization presiding today. He further informed the Board that they will remain seated in this capacity for ten days to collect written comments on the relevant subject matters pertaining to the levy of District assessments for next year.

Resolution No. 14-06 - Mr. Hendrix summarized the state legislature's majority vote for water bond language as Proposition 1 to be placed on the November ballot. He added that south Valley legislators were all in support of the bond language and that ACWA has developed a standard form resolution expressing like support for the bond, called the "Water Quality, Supply and Infrastructure Improvement Act of 2014." Mr. Hendrix then outlined those provisions of the \$7.5 billion bond measure which will provide needed funds to advance water supply projects that would be of benefit to water agencies in the San Joaquin Valley. By the motion of Director Borges, second by Director Martin and unanimously carried by all board members present Resolution No. 14-06, expressing support for Proposition 1, 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 matters dealt with at the August


28th FWA board meeting, including USBR's water supply report, a presentation by G. Sores regarding the water bond, the general member budget and funding, and the establishment of a committee to guide the strategic planning effort.


Director Borges proceeded to summarize the September 4th K&SJRA meeting, noting that a short meeting took place with the reminder of bi-annual elections taking place at the October meeting. He also added that a water supply report was given with the statistic of Kaweah runoff being 24% of normal. At the KBWQA held the same day, Mr. Borges said that \$162,000 of revenue has been collected to fund the \$170,000 budget of the association.

Director Bixler next made mention of his attendance at the August 20th meeting of the KRPA. He made mention of action on the 2015 budget, selection of a new insurance carrier, and an estimate of \$618,000 in anticipated revenues from So. Calif. Edison. Mr. Bixler also noted the briefing given on the studies and consultants involved in the evaluation of additional hydropower units at Terminus Dam.

Mr. Hendrix lastly summarized the conduct of the Wutchumna WC's August 13th board meeting, making note of a \$150 per share assessment voted on by the board. Discussion ensued over the divergent views of KRPA and KDWCD staff over the conduct of power enhancement programs with the Company. Mr. Hendrix was directed to consult further with Mr. Hengst on the matter.

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


Secretary


President