

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
11th DAY OF NOVEMBER 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 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; Beth Holmes, Assessor-Collector and Marco Crenshaw, Watermaster. Also present were Alex Peltzer, District Counsel; and David Hengst, Manager of Wutchumna WC. The meeting was called to order by President Bixler.

Public Comments:

Mr. Fukuda mentioned that a tour group of farmers, water managers and consultants from New Zealand is slated to visit the District on November 15th, and that board members were invited to attend the lunch and informational session with the group that day. There were no other comments from any members of the public in attendance.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held October 14 and special meeting held October 28, 2014 had been distributed and asked if there were any errors or omissions noted therein. By the motion of Director Borges, second by Director Martin and 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 began with noting that storage in Lake Kaweah stands at 14,700 AF, and that all releases from the dam are for WWC. He also noted that LSID has ceased pumping Kaweah water into the Friant-Kern Canal, to which Mr. Hengst added that all remaining water transferred from other ditch companies into LSID's account was intended for delivery into LSID.

Terminus Hydropower Operations - No report given.

Water Management Activities - No report given.

Groundwater Level Report - Mr. Crenshaw next presented the Board with tabular and graphical information showing depths to groundwater as compared to last year. He noted that levels have dropped an average of 10 ft since the fall of 2013. He referred to the graphical maps which highlighted the areas of the deepest depths, which included the City of Tulare and along the Kings County line near Ave 216. General discussion ensued as to other trends in these regions and elsewhere around the District.

Management Staff Reports:

WWC Power Enhancement Operations - Mr. Hendrix first summarized the rift that has developed between WWC and the KRPA regarding the conduct of power enhancement operations via the use of Bravo Lake for re-regulation of releases from Terminus Dam. Mr. Hengst then proceeded to explain the communication process as between WWC and the KRPA on a daily basis and the application of a computer model to simulate the

increased energy generation by utilization of Bravo Lake. The Board asked questions as to the manner in which such power enhancement plans are determined and carried out. Mr. Hengst opined that, at times, the assumptions as applied in the computer model did not give sufficient credit to WWC for its role in enhancement operations.

Assessment and Water Sale Rates - Mr. Hendrix proceeded to review the time span and financial trends since assessment rates and water sale rates had been changed, as well as the periodic review of cash flow and reserves since such rates were last established. He then emphasized that revenue and expense cash flow presently indicates an average annual deficit of over \$600,000, to which would be added any additional costs for upcoming capital projects in which the District might participate. Mr. Peltzer thereupon explained the role of the Prop 218 landowner voting and approval requirements should the Board entertain increases in either assessment or water sale rates.

Mr. Hendrix then indicated that staff has been charged with refining cost projections of various capital projects that the Board may wish to pursue so that their impact on District finances may be determined. He indicated that he intends to bring additional information as to assessment and water sale rate adjustment options and necessary steps to be taken in order to allow for a Board decision to raise rates. Director Thomas noted that, given the magnitude of the District's cash reserves, the decision to raise these rates may not be of an imminent nature.

It was also discussed how for many years the water sale rate was set with the cost to pump groundwater as a comparison. Ensuing discussions noted how such pumping costs have increased with increased depths to groundwater, and how the upcoming groundwater regulations may alter the current unencumbered access to groundwater as an alternative to purchasing surface water if and when available.

McKay Pt Reservoir Project - Mr. Hendrix noted that another meeting with two County supervisors, Pete Vander Poel and Allen Ishida, as well as the County RMA Director, has been scheduled for later this week. The purpose of the meeting is to brief the County on progress made on the project's EIR, as well as to hear any County concerns regarding mining projects in the Woodlake region that have arisen due to domestic well failures nearby.

The Board then convened to closed session per Govt. Code §54956.9(a). There were no actions taken in closed session and the Board thereupon returned to open session.

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 made mention of using a rental bulldozer to grade canal inverts and ditch banks, tree trimming along the Main Intake Canal, weed contact spraying and preparation for pre-emergent applications. He added that crews are about half-way done in regards to refurbishing the storm water basins identified by the City of Tulare, now having completed 13 of such basins. He closed with noting that the foot bridge project at Mooney Grove has been completed. Mr. Fukuda then alerted the Board that some concrete coring work is being contemplated for examination of the St. Johns and Kaweah inverted siphon structures at a cost of about \$17,000.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the

financial statements for the month of October 2014 for the Board's review and consideration. Beginning with the revenue and expense report, she cited October revenue totaling \$347,085 and to-date totaling \$4.37 million, which amount represents 59% of budgeted revenues. She next reported on expenses, commenting that they were fairly routine in nature. Ms. Artis then referenced a net operations loss of \$62,000 to-date and, including capital and loan principal payments, a net loss of \$1.39 million. Ms. Artis next moved on to the statement of cash flows, citing cash on hand of \$12.75 million, and then the statement of net assets. Mr. Hendrix then referenced a graphical depiction of reserves cash flows during the year, and pointed out the decline in the Water Rate Stabilization Fund. Ms. Artis then detailed the District's investments, citing yield rates of 1.03% in the Tulare County pooled fund, 0.26% at the state LAIF and 0.35% for funds held at Citizen's Business Bank.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Board member questions on some bills ensued, and Ms. Artis called out payments made to the SWRCB for water rights permits, KDWCD for Terminus Dam O&M, and the purchase of canal gates. 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. 45531 through 45641 totaling \$438,912.39 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Management Staff Reports:

Canal Encroachments - Mr. Fukuda brought up several facility right-of-way incursions which need to be dealt with on a regular basis. He listed turnout installment requests, sand hauling, area pipeline leaks, levee access gates, and tree removals along ditch banks. He noted that District staff responses to these incursions may need a more consistent approach, and that policy recommendations will be brought before the Board in the future.

ACWA Activities - Mr. Hendrix named two new ACWA groups - the Groundwater Sustainability Implementation Policy Group and the Storage Task Force, to which he has been appointed as a member. He commented that the recent passage of legislation to regulate groundwater and of the Prop 1 water bond gave rise to the formation of these new ACWA ad-hoc committees.

ACWA/JPIA Health Plan Selections - Ms. Artis told the Board that seven or eight individuals have elected to switch over to the new account-based health plan offered by the JPIA. Board member discussions then ensued regarding future choices to be offered to employees in the future in light of trends in the health insurance industry.

COS Bid Request - Mr. Hendrix indicated that the College of the Sequoias has, in lieu of selling its thirty shares in the Evans DC, chosen to continue to lease them. He made reference to a bid solicitation distributed by COS to lease the shares for 2015. Upon discussion of the water yield and values of Evans water, it was moved by Director Martin, second by Director Thomas and unanimously carried by all directors present, to submit such a bid on behalf of the District.

Matters for Consideration of Board Action:

Amendment to Kaweah IWRMP - Mr. Fukuda thereupon reviewed the proposed amendments prepared to the IWRMP by KDWCD in order to achieve plan acceptance by the state DWR. He reviewed in particular the new governance structure for the plan, noting its transition from the

KDWCD board to a board made up of IWRMP participants. The Board then instructed its IWRMP representative, David Bixler, to vote in favor of the amendments at the next Kaweah IWRMP meeting to be held on December 17th.

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 Martin next reviewed the matters dealt with at the November 6th KBWQA and K&SJRA board meetings. He noted that representatives and officers of the water quality association were elected and appointed, and that informational workshops for growers were being scheduled soon. Director Martin then noted that the K&SJRA meeting was rather routine, with the usual items reported on thereat.

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

J. Paul Hendrix
Secretary

David G. Bixler
President