

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
10th DAY OF MARCH 2015 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; and Marco Crenshaw, Watermaster. Also present was Ken Richardson, District Counsel. Members of the public in attendance were Richard Zack as well as Bill Atkins and Ed Bergreen, representing District landowners. The meeting was called to order by President Bixler.

Public Comments:

Mr. Bergreen requested that he be allowed to discharge water into the Main Intake Canal for about four days. He intends to drill a new deep well and develop the well; however no suitable site exists on or near his property to discharge the pumped water. Mr. Hendrix indicated that the District has no Board-adopted policy on such actions by landowners, and that the discharge of well development water has been allowed in the past.

Approval of Minutes:

Director Bixler then noted that the minutes of the special meeting held February 19, 2015 had been distributed and asked if there were any errors or omissions noted therein. There being none, by the motion of Director Borges, second by Director Thomas and unanimously carried by all board members present, the minutes of those 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 48,000 AF and that this was double where the lake storage stood at this time last year.

Water Supply Outlook - Mr. Crenshaw then reviewed the latest DWR 50% exceedance runoff projections for the Kaweah and San Joaquin River watersheds. He made note of the District's supply in storage in Lake Kaweah, including that being carried over for Lindsay-Strathmore ID. He then cited precipitation amounts to-date at the District yard and snow water content in the San Joaquin and Kaweah watersheds, those being 13% and 19%, respectively.

Terminus Hydropower Operations - No report given.

Water Management Activities - Mr. Hendrix summarized the issue at hand with respect to the disposition of the District's allocation of Evans DC water this year. He noted the Evans board's concern that the District has disposed of this water in the recent past in a manner inconsistent with the Company's 1893 bylaws. The Board discussed possibilities regarding this supply and Director Martin asked what course of action of the several presented would be best for the District, to which Mr. Hendrix said an arrangement whereby LSID receives this water in a drought year such as this. Director Bixler added that perhaps an exchange whereby LSID receives the water this year in return for more brought back to Evans in the future. Mr.

Hendrix indicated he will pursue a course of action with the Evans board and LSID in the near future.

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 noted that pre-emergent applications are done and contact spraying for weeds is underway. He also made mention of DOT inspections, yard landscaping work and grower wash-in repairs to ditch banks that were all undertaken. Mr. Fox also noted that the Lopes Ditch relocation project adjacent the C. Zwart property is almost done, and that a crew will soon begin the Main-to-Packwood connection project for G. Watte. He added that work continues on rehabilitating Basin No. 6 and is beginning on the Lemstra pipeline project.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of February 2015 for the Board's review and consideration. Beginning with the revenue and expense report, she noted income for the year to-date of \$60,260. She reviewed O&M expenses, including last month's payment on the 9(d) contract loan semi-annual payment, totaling \$936,800. Including capital costs, she cited a net loss of \$1,100,500. Ms. Artis next moved on to the cash flow statement and statement of net assets, pointing out selected highlights on each. Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.24% in the Tulare County pooled fund and .27% at the state LAIF. Ms. Artis lastly made reference to the amortization schedule for the USBR contract loan with Banc of America. Ms. Artis concluded with her indication, as a required financial disclosure, that cash on hand would be sufficient to cover at least six months' of future expenses.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Details were provided regarding HydroMetrics consultant billings and County redemption certification charges. By the motion of Director Borges, second by Director Thomas and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 45904 through 45982 totaling \$598,178.49 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

9(d) Loan Proposal - Ms. Artis described a proposal from Wells Fargo to refinance the District's 9(d) contract loan currently with Banc of America. She indicated that, at current interest rates under 3%, the District could save upwards of \$870,000 over a new 15-year term loan. Ms. Artis also indicated that a pre-payment penalty may apply with Banc of America and, with this being unknown at present, the Board advised staff to obtain more information prior to any determination to undertake a refinancing effort.

Review of Investment Policy - This matter was tabled until addressed at a subsequent meeting.

Management Staff Reports:

Cordeniz Property - Mr. Fukuda told the Board that a crop of wheat has sprung up on the property slated for recharge basin facility in the near future. He noted the interest of several farmers in the area who would be desirous of harvesting the crop under a lease arrangement. Upon further discussion as to the circumstances, the Board directed staff to prepare a crop harvest lease with J. Mendonca, who had farmed

the property prior to the District's acquisition thereof for the basin project. The lease is to address Mr. Mendonca's crop harvest in trade for clean-up, field discing and subsequent weed herbicide treatment where needed.

Pipeline Conversions - Mr. Fukuda next presented the Board with a map depicting the flow capacity of all canals and ditches within the District's service area. He noted that the map also indicates those ditch reaches that have been converted to a pipe for various reasons over the years. He noted that the map was prepared to aid in any ultimate decision by the Board to enact a policy regarding such ditch-to-pipeline conversions in the future.

Groundwater Sustainability Agency Formation - Mr. Hendrix reviewed the options for the formation of a Groundwater Sustainability Agency per the state's Sustainable Groundwater Management Act. He said, on the one hand, that a single such GSA may be created via a joint powers arrangement or MOU that could undertake the planning and regulatory actions for the entire Kaweah sub-basin or, on the other hand, the District could choose to form as a GSA and undertake those responsibilities for its service area. He then described a third arrangement, that being a strategic alignment with the cities of Tulare and Visalia to mutually form a GSA and develop a Groundwater Sustainability Plan. He emphasized that, in the latter two instances, a coordination agreement with other GSAs within the sub-basin needs to be developed. Mr. Hendrix continued with an overview of the advantages and disadvantages of each alternative. He cited the city alignment option as one that would embody (a) combined assistance in developing additional recharge projects and acquisition of imported surface water, (b) an understanding on the long-term urban growth projections and associated increases in groundwater pumping for municipal needs, and (c) a recognition of several existing groundwater management agreements with the cities as a base upon which to build from in the future. Mr. Richardson thereupon presented and reviewed a memorandum on the salient elements of the SGMA and considerations in GSA formation. He then reviewed some of the pertinent interests of local agencies in retaining some of degree of decision-making authority in the formation of sub-basin GSAs.

The Board thereupon discussed the implications of the SGMA on agricultural pumping, the need for a restoration of surface water contract supplies, and the implications of various ways to be involved in the formation of a GSA. The Board directed staff to proceed with an effort to formalize an arrangement with the two cities in forming in some fashion as a GSA and in developing a GSP.

Matters for Consideration of Board Action:

Resolution No. 15-03 - Mr. Hendrix reviewed the recent governance modifications being implemented by the Friant WA board of directors. He summarized the changes to the FWA Bylaws already enacted by the FWA board. He then reviewed the desired amendments to the Joint Powers Authority agreement that need action by FWA members, which changes are (a) that only elected officials may serve as alternate directors on the FWA board, and (b) that members withdrawing from the FWA remain financially responsible for multi-year contracts between FWA and others. After some discussion as to the purposes of the intended governance modifications it was motioned by Director Martin and seconded by Director Thomas, duly put and unanimously carried by all board members present, that Resolution No. 15-03, approving the proposed amendments to the JPA agreement as described, be 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 briefed the Board on the two Association meetings held on March 5th. At the Rivers Association meeting, there were reports on water supply and the sustainable groundwater legislation. At the Water Quality Association meeting, it was reported that new members were still signing on, and membership deadlines were reviewed. then a report was given on the larger Southern San Joaquin Association efforts regarding the CV Salts program.

Director Borges then summarized the pertinent matters dealt with at the February 26th meeting of the Friant WA. The Class 1 allocation outlook was discussed, as were the intended revisions to the Authority's Bylaws and Joint Powers Authority agreement. Director Borges also noted that a new executive committee of the FWA board was formed.

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

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


Secretary


President