

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
14th DAY OF APRIL 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 Scott Rogers. Director Dave martin 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. Members of the public in attendance were Don Wright representing the Renewable Resources Group. The meeting was called to order by President Bixler.

Public Comments:

Director Thomas made mention of his mother reaching her ninetieth birthday recently. Mr. Hendrix then noted that copies of the annual operations report of the District for 2013 and 2014 were being distributed today.

Approval of Minutes:

Director Bixler then noted that the minutes of the special meeting held March 10, 2015 had been distributed and asked if there were any errors or omissions noted therein. One correction was noted by Director Rogers. By the motion of Director Thomas, second by Director Borges and unanimously carried by all board members present, the minutes of that meeting were thereupon approved as corrected.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw began with noting that storage in Lake Kaweah stands at 57,000 AF and that it may peak at somewhere between 80,000 and 90,000 AF later in the season.

Water Supply Outlook - Mr. Crenshaw then reviewed the current 17% of average runoff projection for the Kaweah River watershed as being the lowest of record. He made note of the District's projected 9,000 AF ultimately 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 from the most recent DWR snow course data, those being 8% and 4%, 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 reiterated that Lindsay-Strathmore ID is calling on all water that may be available to the District. He also showed the Board a graphical depiction of the LSID exchange beginning in 1989 and indicated that the exchange ratio was as high as 17 to 1 in 2011 and will have dropped to about 6 to 1 by the end of this year. In regards to transferring this water to LSID under the exchange agreement therewith, he said that an exchange is being pursued with them for water to be returned later, although LSID may have already committed any excess water it might have in the future to a long-term arrangement with other parties.

Mr. Hendrix also briefed the Board regarding a proposal by Farmers and Consolidated Peoples ditch companies for the District to serve as an

exchange mechanism to allow the ditch company water to be delivered to several Friant contractors this summer for five times as much water to be returned in future wet years. It is being proposed that the District would be paid for the full return supply now at \$200/AF. Mr. Hendrix noted that the return supply would likely need to be made from the District's future Friant Class 1 allocations. Upon further discussion, the Board determined that the dedication of Class 1 water in this fashion would not be in the best interest of the District, and directed staff to still pursue other mechanisms to effectuate the exchange.

Spring Groundwater level Survey - Mr. Crenshaw began with referencing the contour map of depth to groundwater, noting the cone of depression under the City of Tulare. He then turned attention to the chart of change in depth over time, since 1993. He pointed out the slight uptick in levels since last fall and cited some of the probable causes for this, including last December's rains which forestalled a winter pre-irrigation on some acreage, and the significant number of open-ground acres recently planted to permanent crops with little water demand.

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 stepped through the first quarter O&M report presented at the meeting, and highlighted safety activities, sinking basin rehabilitation work, yard and vehicle maintenance, herbicide applications and construction projects. Director Thomas inquired about wash-in repair work and whether or not adjacent landowners responsible for the ditch bank damage can be billed for repair work. After some discussions of this situation, staff indicated that any ability to pass on such costs will be revisited.

Mr. Fox next summarized the work undertaken on behalf of Corcoran ID to expand a regulation basin fed by the Lakeland Canal. He noted that this job, along with continuing commitments to the city of Tulare for cleaning storm water basins in town, were in furtherance of the effort to offset labor costs otherwise devoted to ditch-tending during summer irrigation runs. He and Mr. Fukuda described how staffing has been planned out over the next few months to cover these outside jobs as well as in-district construction projects. Director Thomas asked about the status of the City of Tulare's continued excavation at the Swall Basin and Mr. Fukuda addressed this.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of March 2015 for the Board's review and consideration. Beginning with the revenue and expense report, she noted income for the year to-date of \$115,638. She reviewed O&M expenses, including Workers' Compensation and health insurance policy payments. Including capital and loan repayment costs, she cited a net loss of \$1.37 million. 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 1.48% in the Tulare County pooled fund and .28% at the state LAIF. She then referred the Board to the graphical depiction of investment rates since 2008. She indicated that, as a required financial disclosure, cash on hand would be sufficient to cover at least six months of future expenses. Ms. Artis lastly made reference to the amortization schedule for the USBR contract loan with Banc of America.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Details were provided regarding consultant billings and miscellaneous O&M expenses. Director Rogers inquired as to membership payments to the Friant WA and what the future holds in that regard. Discussion was then held, led by Director Borges, regarding membership in the organization, both for general membership dues and O&M. 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. 45983 through 46093 totaling \$410,610.58 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

9(d) Loan Proposal - Ms. Artis indicated that, upon closer review of current loan covenants with Banc of America, the 9(d) debt service cannot be paid down fully until after March 2018. She also noted that a Wells Fargo representative is looking further into how the District may restructure the debt and take advantage of lower the borrowing rates that are currently available.

Review of Investment Policy - Ms. Artis lastly presented the Board with a revised Statement of Investment Policy. She highlighted the single change, that being to add an item F) to acceptable investment instruments for CalTRUST, a series of short-term investment vehicles suitable for public agencies. She added that the interest yields in this set of funds exceeds that of Citizen's Business Bank's money market fund in which a significant portion of the District's cash currently resides. The Board, after further discussion as to investment choices, approved of the amendment upon the motion of Director Rogers, second by Director Thomas and unanimously carried by all board members present.

Management Staff Reports:

May 1st Landowner Meeting - Mr. Hendrix announced that a landowner town hall meeting is being arranged for Friday May 1st to address two main themes, those being what has been the disposition of the District's water supply the last few years and what the new state groundwater regulations mean to water users. He referred the Board to a flier being mailed to the water users announcing the meeting.

LAFCO, City Manager Meetings - Mr. Hendrix noted that staff has presented the District's efforts to comply with the recent SGMA laws at a recent LAFCO meeting and at a regional city manager meeting. He indicated that many more such outreach meetings will be in store for the District as it and the cities of Visalia and Tulare seek to advance their combined Groundwater Sustainability Agency formation intentions.

Matters for Consideration of Board Action:

Nothing agenzized.

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 April 9th. At the Rivers Association meeting, there were reports on water supply, the selection of a new insurance carrier, and how the state's groundwater legislation may require interaction with the Rivers Association. At the Water Quality Association meeting, the status of new members was provided and the reduced budget as a result of limited water quality testing in the

current dry period and associated runoff reductions.


Director Borges then summarized the pertinent matters dealt with at the March 26th meeting of the Friant WA. He said that the home board approval of the amended JPA agreement failed to pass and that further outreach to dissenting districts is underway. He also said that Delano-Earlimart ID has withdrawn from the Authority, and there remain questions as to the status of the newly-adopted bylaws amendments. Director Borges also noted that a board workshop on the NRDC v. Murillo Settlement is to be held on April 21st in closed session.

Director Bixler next summarized the topics on ACWA's board meeting agenda of March 27th. he noted that a policy on water storage was adopted and the implementation of the Sustainable Groundwater Management Act was discussed. Director Bixler proceeded to brief the Board on the conduct of the Evans DC annual meeting held on April 7th. he said that the same slate of directors and officers were voted on, and the means to accommodate the District's obligations to LSID on a long-term water exchange were dealt with.

Lastly, Director Thomas reviewed the highlights of the Wutchumna WC meeting of March 11th, at which a \$300 assessment was levied along with a trust fund withdrawal to offset a portion thereof. He also addressed the St. Johns WC situation, and the agreements with Bee Sweet regarding an easement alongside Bravo Lake and the discharge of groundwater into the Lake for subsequent delivery into the Friant-Kern Canal.

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


Secretary


President