

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
12th DAY OF MAY 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. Members of the public in attendance were Richard Zack, history consultant; and Don Wright, representing the Renewable Resources Group. The meeting was called to order by President Bixler.

Public Comments:

Director Martin expressed his concern over large investor-owned agricultural companies in situations where they convert previously un-farmed land to permanent plantings. In the situations where such ground has no access to ditch water, he noted that irrigation using deep wells exacerbates the groundwater overdraft occurring in the region. Director Martin also noted that some of the investors in such companies are environmental organizations who, in other forums, are not supportive of irrigated agriculture. A general discussion ensued regarding this topic.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held April 14, 2015 had been distributed and asked if there were any errors or omissions noted therein. One revision was noted in regards to persons in attendance at the meeting. By the motion of Director Borges, second by Director Martin 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 thereupon noted that the inflow into Lake Kaweah appeared to have peaked at just under 300 cfs earlier this month. He added that the lake stands at about 64,200 AF in storage. The Kaweah water owed to LSID this year amounts to about 6,000 AF, he said. Mr. Crenshaw next commented on the recent storms and the near-zero water content in the meager snowpack in the San Joaquin and Kaweah watersheds.

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 and whether this water might be sent to LSID as part of the District's payback obligation for 2015. He said that LSID was agreeable to the previously-proposed exchange arrangement, whereby, over time, three acre-feet are paid back to Evans for every one delivered to LSID this year. LSID's condition for this exchange was that their paybacks only occur in years during which the Friant Class 1 allocation is 100% or more, and this was acceptable to the Board.

Mr. Hendrix next noted that the offer to the District to receive payment for subsequent obligations to deliver surplus Friant water to

Farmers DC was not accepted, and that Farmers has proceeded to sell its supply for delivery out of the Kaweah basin this year.

Mr. Hendrix lastly described the recent occurrences whereby new District landowners are surfacing, some of which who farm in other districts where landowners who are water short are securing supplies from other sources on an individual basis. He commented that, with the new groundwater regulations coming into effect, the impetus to do this may increase over time as among some District landowners, and that a District policy in regards to this practice may need to be developed. Director Borges noted that the District holds irrigation runs only during specific time periods, which may limit the ability to purchase and convey additional water to District lands.

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 addressed equipment repairs, shop clean-up work, weed suppression, and basin rehabilitation work. He also noted turnout repair work to minimize leakage from the farm side.

Mr. Fox next summarized the work undertaken on behalf of Corcoran ID to expand a regulation basin fed by the Lakeland Canal. He said that the job may terminate prematurely depending on the Kings River supply allocation to Corcoran. Preparations are being made to resume work on the City of Tulare storm water basins. Mr. Fox added that the Lemstra pipeline job is complete and that the Main-to-Packwood job for G. Watte is ongoing.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of April 2015 for the Board's review and consideration. She also made some comparisons with last year's numbers. Beginning with the revenue and expense report, she noted income for the year to-date of \$267,700. She reviewed O&M expenses and highlighted advance payments to FWA for SL&DMWA O&M costs and that over \$52,000 of staff labor is being billed out to outside jobs. She cited a net loss of \$1.24 million to-date.

Ms. Artis next moved on to the cash flow statement and statement of net assets, pointing out certain line items 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, indicating that the CalTRUST invested funds will be included in the near future. She further 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.

Director Thomas inquired as to FWA's future budget as members leave the organization. Director Borges discussed this trend and the resulting efforts to trim the FWA budget.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Details were provided regarding FWA O&M payments, and Director Thomas asked about late fees for credit card payments and stand-by charges from SCE. Mr. Hendrix, in regards to billings for McKay Pt Reservoir planning costs, reiterated that two-thirds of such costs were going to be later reimbursed by the other property owners. By the motion of Director

Martin, second by Director Borges and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 46025 through 46186 totaling \$436,914.40 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Management Staff Reports:

May 1st Landowner Meeting - Mr. Hendrix reviewed the content of the town hall meeting, noting that around 60 water users were present. He highlighted the information presented on water supplies as they relate to the drought, capital projects to capture wet-year supplies, regional issues and drought-related District budget trends. Mr. Hendrix added that there were few if any comments from any disgruntled landowners present at the meeting, and that the several questions that were asked were adequately addressed by staff.

Report to City of Tulare - Mr. Hendrix noted that the subject annual water management operations report is to support the billing to the City of about \$430,000 for 2014. He pointed out that the five-year average water balance number as determined in each such report, which is an indication of how well the District is meeting its obligations per the groundwater augmentation agreement with the City, will likely turn negative for the first time as of the 2015 report to be prepared later. He added that a positive number signifies that the District is more than living up to its obligations, while a negative number is indicative of a dry cycle such as the current one.

Groundwater Legislation - Mr. Hendrix reviewed AB 617 and AB 453, intended to clarify certain items in last year's groundwater legislation, as well as AB 1390 dealing with the groundwater adjudication process. Mr. Hendrix also detailed the provisions of SB 20, the Senator Pavley bill that would require greater public access to well completion reports.

McKay Pt Reservoir Project - Mr. Fukuda next informed the Board that a settlement has been reached between CEMEX and the landowners adjacent the Stillwell aggregate mining site near Woodlake. He noted that a County Planning Commission meeting is set for May 13th at which the settlement will be addressed. Mr. Fukuda further added that the project draft EIR is under review and that a draft intended for public review should be ready for distribution this fall.

Matters for Consideration of Board Action:

History Book - Mr. Hendrix summarized the process to identify suitable editors and publishers for the District history manuscript written by Richard Zack. He noted that efficiencies may be achieved by utilizing the services of a full-service company skilled in editing, proofing, and publishing books. Mr. Hendrix added that he and Mr. Zack have had conversations with such a company named Sellbox and a proposal prepared by this company was presented to the Board. Mr. Hendrix further disclosed that the company's owner is a relative of his and that, according to District Counsel, this does not present an impediment in choosing to retain this firm. He further added that Mr. Zack is to serve as the District's liaison with Sellbox as the project proceeds. By the motion of Director Thomas, second by Director Borges and unanimously carried by all board members present, the retention of Sellbox to undertake all tasks associated with publishing a complete history book was authorized.

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 first summarized the pertinent matters dealt with at the April meetings of the Friant WA. He said that FWA's D.C. lobbyist was present at the April 21st workshop meeting to participate in discussions of federal drought legislation. At the regular board meeting, topics addressed included BLM intentions regarding the upper San Joaquin River watershed, canal O&M and de-watering plans, disposition of Prop 1 storage monies, 2015 water supplies and potential exchanges with the west-side districts, future D.C. trips by FWA members, and the recent appointments to the new executive committee.

Director Bixler next summarized the ACWA spring conference held in Sacramento earlier in the month, making note of the various committee meetings and JPIA sessions that he attended.

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