

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
14th DAY OF JULY 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; Marco Crenshaw, Watermaster; and Beth Holmes, Assessor-Collector. Members of the public in attendance were Richard Zack, history consultant; Alex Pelzer, District Counsel; Ed Henry with the Tulare Board of Public Utilities; and Megan Crockett of Citizens Business Bank. The meeting was called to order by President Bixler.

Public Comments:

Mr. Henry called attention to the City of Tulare's water forum to be held tonight at the City Council chambers. Mr. Zack then reviewed the editing process now underway for the District's history book. He also noted that additional photos are still being sought and that an invitation has been extended to Victor Davis Hanson to write a forward to the book.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held June 9 and special meeting held July 9, 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 said that the Terminus Dam release is now down to about 560 cfs, and that the only units still on are the smaller systems in the upstream area as well as Wutchumna WC and Flemming DC. He added that the lake stands at 39,000 AF in storage and, upon questioning by Director Thomas, Mr. Crenshaw indicated that storage peaked earlier at 71,000 AF. Also receiving discussion was the Evans system irrigation run and its associated seepage losses of 75%. Lastly, Mr. Crenshaw indicated that about 6,560 AF has been transferred to LSID to-date for the year.

Terminus Hydropower Operations - Mr. Crenshaw then reviewed a graph of Unit No. 1 turbine flow v. power production for this year and last. Discussion then ensued concerning the power enhancement program of KRPA this season as compared to prior years.

Water Management Activities - Mr. Hendrix stated that USBR has commenced releases from Friant Dam to the San Joaquin River to meet shortages being experienced by the lower river Exchange Contractors. He said that releases should average around 1,500 cfs and may continue through mid-May, totaling as much as 75,000 AF. He also made note that the City of Tulare, in response to the Governor's water conservation mandate, has achieved a 29% reduction in water usage.

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 cited yard maintenance, dozing, valve work and equipment repairs as prime activities. He added that the rehabilitation work at Basin No. 6 is nearly complete. He also mentioned herbicide product testing and application rate trials, and there ensued board discussion of results in certain locations. Mr. Fox next discussed construction projects, saying that the District, unlike other districts in the area, undertake concrete construction in house with its own crews.

Treasurer Reports:

Proposal by Citizens Business Bank - Ms. Crockett thereupon brought up the subject of vendor payments by the District. She introduced a service called Commercial One Card, whereby businesses can pay multiple vendor invoices electronically and without the use of paper checks. She highlighted the time savings, report tracking capabilities and reduced chances of check fraud with the service. discussion then ensued by the Board as to the pros and cons of eliminating the check-writing process at the District. Ms. Artis indicated she would follow up with a more detailed outline of the board oversight process and financial report generation that would be utilized under the proposed One Card system.

Management Staff Reports:

Mr. Hendrix summarized staff efforts of the District and cities of Tulare and Visalia in shaping a joint powers agreement drafted by legal counsel to form a Groundwater Sustainability Agency made up of these three entities. Mr. Peltzer then summarized the contents of the agreement, highlighting the stipulation that water assets of each entity are not necessarily pooled, coordination provisions with other groundwater agencies, withdrawal provisions, authority powers, and voting procedures. Mr. Peltzer lastly described the public notice and hearing requirements that were planned to take place at the District's August meeting.

Closed Session:

The Board thereupon adjourned to closed session per Government Code §54956.9(a), §54956.9(b) and §54957. Upon the return to open session, it was reported that, upon the motion of Director Rogers, second by Director Borges, unanimously carried by all board members present, the Board rejected the employment claims of both M. Santoyo and P. Rodriguez. Lastly, it was reported that, upon the motion of Director Borges, second by Director Thomas, unanimously carried by all board members present, that the following merit raises were approved for hourly, non-exempt staff:

- A. Linhares - Ditch Main. Person, Step 3 to 4
- J. Felix - Light Equip. Op. Step 2 to Heavy Equip. Op. Step 1
- B. Holmes - Senior Administrator, Step 3 to 4

Treasurer Reports: (cont.)

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of June 2015 for the Board's review and consideration. She began with the revenue and expense statement, indicating that 24% of the year's projected income had been collected, with grant funds anticipated to arrive later. She highlighted Friant WA O&M expenses and that District labor charged out to outside projects stands at \$73,000. There ensued some discussion as to the District's and rental equipment costs as applied to such outside jobs. She then noted that, to-date, cash has dropped by \$1 million for administrative and O&M costs, and by \$1.54 million including capital

expenditures. She then proceeded to review the statement of cash flows and net assets, citing cash on hand of \$12.4 million as of June 30th.

Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.23% in the Tulare County pooled fund and .3% at the state LAIF. She then referred the Board to the graphical depiction of investment return rates since 2008. She also noted that \$1 million had been deposited with the newly-approved investment vehicle at CalTRUST. 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 highlighted regarding materials purchases and equipment costs. It was questioned whether legal costs related to compliance with the state's new groundwater law were being shared with Visalia and Tulare, to which Mr. Hendrix responded that this will be confirmed. By the motion of Director Thomas, second by Director Borges and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 46274 through 46391 totaling \$473,081.64 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Assessor-Collector Report:

Second Installment - Ms. Holmes thereupon reviewed the status of the second collection for 2015, indicating that 98% of the year's assessment had been collected.

Resolution No. 15-05 - Ms. Holmes then sought action to authorize the transfer of delinquent tax sales from 2009 to the Tulare County Auditor. Upon the motion of Director Borges, second by Director Thomas, duly put and carried unanimously by all board members present, Resolution 15-05, placing District assessments on the County tax roll, was adopted.

Management Staff Reports: (cont.)

Regional JPA Discussion - Mr. Hendrix summarized a meeting held at Tulare County at which support for the Temperance Flat Reservoir project was discussed. He indicated that representatives from Fresno, Kings, Tulare and Kern counties were present, as were a few water district and grower representatives. He noted that the goal of any regional effort was to keep the project in the running for any state or federal funding that may be available for surface storage projects. the Board indicated support for continuing the dialogue on advancing the project.

Matters for Consideration of Board Action:

Safety Glasses Purchase Program - Ms. Artis presented information regarding employee use of safety glasses, particularly for those who wear prescription glasses. Mr. Fox added to the discussion, indicating that safety goggles worn over prescription glasses is not ideal from a vision standpoint. Ms. Artis proposed that a District program could be put in place, in conjunction with the District's vision insurance coverage, to partially pay for safety glasses with prescription lenses. After some discussion, the Board asked for further information as to frame and lens costs, and what other districts provide for in this regard.

Consideration of CPI Adjustment - Mr. Hendrix presented a tabular and graphical information regarding Consumer price Index changes over time

and corresponding board-approved cost-of-living adjustments. After some deliberation and discussion concerning the data, it was moved by Director Thomas, seconded by Director Borges and unanimously approved by all board members present, that a one-percent increase shall be applied to all wage and salary rates at the District.

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 then reviewed the agenda of the July 16th Tulare IC quarterly meeting, saying that an assessment of \$75 was approved, a bridge access license was deliberated and acted upon, and that water transfers involving Company water supplies were reviewed.

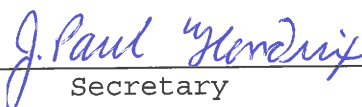
Director Borges next summarized the July 9th meetings of the K&SJRA and KBWQA. He highlighted that the Kaweah irrigation run will be essentially finished by July 21st, that the water year runoff will likely amount to 20% of average, and that the April-July figure will be around 11%. He made note of groundwater sustainability activities and local informational meetings on the subject, including an upcoming KDWCD board workshop. Director Borges then reviewed the KBWQA session, making note of land parcels not covered, meeting attendance rules, financial issues and monitoring well installation.


Director Borges lastly summarized the last Friant WA board meeting held on June 25th. He discussed key issues including personnel and staffing matters, general member and O&M dues structure, the July call for funds and budget issues, and Friant support for HR 2898.

Director Bixler then made note of the City/District operations committee meeting and referenced the Cartmill overpass project and dirt needs from nearby sinking basins, future disposition of effluent from the City's waste water treatment plant, and groundwater management issues as key topics discussed thereat.

Finally, Director Thomas talked about the topics at hand at the June 10th Wutchumna WC meeting. He mentioned the \$250 assessment and withdrawal from the Company's trust account to cover part thereof.

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


Secretary


President