

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
12th DAY OF JULY 2016 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, Scott Rogers and Dave Martin. Director Mike Thomas was absent. Staff present at the meeting were J. Paul Hendrix, General Manager and Secretary; Kathi Artis, Controller and Treasurer; Wayne Fox, O&M Superintendent; Aaron Fukuda, Engineer; Beth Holmes, Senior Administrator and Assessor-Collector, and Marco Crenshaw, Watermaster. Also present was Don Wright, a representative of the Renewable Resources Group. The meeting was called to order by President Bixler.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held June 14, 2016 had been distributed and asked if there were any errors or omissions noted therein. With one brought forth and by the motion of Director Borges and second by Director Rogers, unanimously carried by all board members present, the minutes of the meeting were thereupon approved as corrected.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw stated that the summer run commenced on June 15th and is expected to continue to about July 20th. He also noted that Lake Kaweah storage peaked at about 167,000 AF and is now down to 79,000 AF. Mr. Crenshaw added that diversions from the Wutchumna Ditch have been holding at 350 cfs, and that the District's CVP supply will be used up by tomorrow, leaving the remainder of the run to be fed by Kaweah River water only.

Mr. Crenshaw then reviewed the pro-rate process followed during the run, noting that its complications precluded the application of the new hand-held devices to be used by Ditch Tenders in the future to record turnout deliveries. He also indicated that a re-distribution of unused allocations could be made so as to keep source diversions at higher levels in an attempt to minimize seepage losses. Upon discussion, the Board supported increasing the pro-rata allocation to .55 AF/acre as the run winds down. Mr. Crenshaw concluded with a recitation of June diversions, indicating that spills were under 1% of diversions and that water delivered to turnouts amounted to 54%. This was followed by a brief discussion of the District's share of Unreleased Restoration Flows as may be made available by USBR.

Terminus Hydropower Operations - Mr. Crenshaw then showed the Board a graph of releases at Terminus Dam v. power production during the year, noting that 1,015 MW-Hrs have been generated thus far.

O&M Superintendent Report:

Routine Work, Outside Work and Construction Projects - Mr. Fox reported on the maintenance activities undertaken during the past month in the delivery system and within upstream diversion channels. He first commented that the maintenance activities have been scheduled around the intermittent irrigation and recharge water runs of late. He then referred the Board to the second quarter O&M report and highlighted the following therein: The safety education program, general maintenance in the canal and ditch system, vehicle and equipment repairs, herbicide applications, and construction work.

Discussion then ensued concerning the DOT routine inspections of District's larger vehicles.

Treasurer Reports:

Approval of Financial Statements -- Ms. Artis then presented the financial statements for the month of June 2016 for the Board's review and consideration. She cited \$2.48 million in revenue for the year to-date. She next highlighted expense sub-totals both for June and for the year to-date. Ms. Artis then noted a net operating loss of \$1.27 million, and went on to identify capital and loan payments for the month. Ms. Artis next reviewed the statement of cash flows and statement of net assets, highlighting and explaining major line items therein.

Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.26% in the Tulare County pooled fund, .58% at the state LAIF, and 1.01% with CalTrust. She also referred the Board to the graphical depiction of such investment rate trends since January 2009. Ms. Artis lastly indicated that the District possesses sufficient cash to cover six month's expenses.

Approval of Bill Payments -- Ms. Artis next presented the list of bills submitted for ratification and approval by the Board, and highlighted the payment due to USBR and for McKay Pt. Reservoir CEQA compliance costs. By the motion of Director Martin, second by Director Rogers and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 47492 through 47594 totaling \$1,683,221.97 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

2015 Audit Process -- Ms. Artis then stated that the audit report is nearly complete and that it will be presented for Board acceptance at the August board meeting. She said that information has yet to be developed on the book value of pending water exchanges and transfers owed to and from other water districts, said information being requested by the auditor.

Assessor-Collector Report:

Ms. Holmes summarized the second installment collection, noting that 99% of the total annual assessments have now been received, and that the unpaid balance stands at \$25,439.

Ms. Holmes then mentioned the results of the June 2nd Tulare County auction with respect to parcels within the District, and sought Board adoption of a resolution to move 2010 delinquencies to the County tax roles. By the motion of Director Martin and second by Director Borges, duly put and carried by all board members present, Resolution No. 16-08 placing direct charges on the County's secured tax role was adopted.

Management Staff Reports:

Mid-Kaweah GSA -- Mr. Hendrix indicated that a review of a GEI assessment of the Kaweah Delta WCD Water Resources Investigation report will be conducted by the Technical Sub-Committee in August. He also made note of the next MKGSA meeting scheduled for September 13th, and Advisory Committee on September 14th. Next, Mr. Hendrix stated that a MKGSA logo is being developed, as is a website for the new organization. Mr. Hendrix then reviewed the content of the joint powers agreement under development by Kaweah Delta WCD and others for other portions of the Kaweah basin. There ensued Board discussions of the role of GSAs in defining the rules governing groundwater pumping and the role of Tulare County. Director Martin expressed concerns

over the lack of emphasis on ensuring adequate surface water supplies in the implementation of the state's new groundwater sustainability laws.

San Joaquin Valley Water Infrastructure Authority - Mr. Hendrix summarized a recent meeting of the Authority and its efforts to garner support and funding for Temperance Flat Reservoir. He then described how the reservoir could fit into existing Friant and west-side operations, potential public benefits of the project stemming from additional flows in the San Joaquin River destined for the west side. Mr. Hendrix recommended that the District and/or the Friant WA remain involved in this effort, and the Board expressed its support in that regard.

Matters for Consideration of Board Action:

Resolution Nos. 16-09, 16-10 - Mr. Hendrix thereupon spoke on the necessity of two Board actions regarding the water exchange arrangement with Sun World, the proposed terms and conditions for which were approved by the Board last month. He stated that Resolution No. 16-09 stipulates that the exchange agreement and associated exchange of waters is statutorily exempt from CEQA compliance, and that Resolution No. 16-10 approves the exchange agreement in its final form and authorizes execution thereof.

By the motion of Director Borges and second by Director Martin, duly put and carried by all board members present, Resolution No. 16-09 was adopted. By the motion of Director Martin and second by Director Rogers, duly put and carried by all board members present, Resolution No. 16-10 was likewise adopted. Mr. Hendrix then indicated that, with the first action having been taken, a Notice of Exemption will be soon filed at Tulare County.

Approval of RWQCB Documents for Visalia WWTP Water - Mr. Fukuda reviewed the purposes for two documents, one a new District policy regarding the rules and regulations for distribution of recycled water from Visalia, and one an agreement with Water Users to take delivery of this water. He indicated that both such documents were required by the Regional Water Quality Control Board. He went on to review the key provisions of each document. Mr. Fukuda further summarized several terms of the Water User Agreement needing Board input.

Upon discussion by board members, it was moved by Director Borges, seconded by Director Martin and unanimously carried by all board member present, to approve and adopt the proposed Rules and Regulations and approve the proposed form of Water User Agreement, along with provisions to (1) impose a \$1,000 penalty for violation of said Rules, (2) specify a term for the Water User Agreement commensurate with the District's water exchange agreement with Visalia, and (3) allow for an Agreement termination notice by Water User of 60 days.

Consideration of CPI Adjustment - Mr. Hendrix presented tabular information regarding Consumer price Index changes over time and corresponding board-approved cost-of-living adjustments. After some deliberation and discussion concerning the data by the Board, it was moved by Director Rogers, seconded by Director Borges and unanimously approved by all board members present, that a 1% increase shall be applied to all wage and salary rates at the District, said increase to be made effective in July.

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 summarized the content of the June 23rd meeting of the Friant WA board. He highlighted, among other things, the hiring of new FWA staff, new Fresno office space, Delta operations re-consultation possibilities, and recirculation plans involving Patterson and Banta Carbona ID's.

Director Martin next summarized the content of the K&SJRA and KBWQA meetings held on July 7th. At the Rivers Association meeting the key topics included the water supply report, SB 88 compliance and groundwater sustainability formation; at the Water Quality Association meeting expenses were reviewed, the status of membership was discussed, new Provost & Pritchard employees working on Association matters were mentioned, as were grower certification workshops.

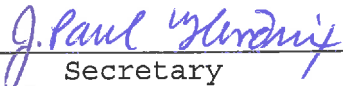
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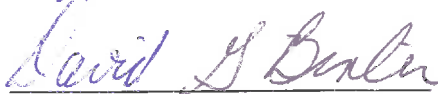
The Board thereupon adjourned to closed session per Government Code §54957. Upon the return to open session, it was reported that, upon the motion of Director Borges and second by Director Martin, unanimously carried by all board members present, that the following merit raises were approved for hourly, non-exempt staff:

- J. Flores - Ditch Main. Person, Step 2 to 3
- A. Munoz - Light Equip. Operator, Step 1 to 2
- C. Soria - Ditch Main. Person, Step 3 to 4
- A. Gomes - Heavy Equip. Operator, Step 3 to 4
- A. Linares - Ditch Tender I, Step 2 to 3
- J. Felix - Ditch Tender I, Step 3 to 4
- K. Searcy - Utility Worker-Carpenter, Step 4 to 5 (retroactive)

Further, it was reported that, upon the motion of Director Martin and second by Director Rogers, unanimously carried by all board members present, that a 4% merit raise in salary was approved for Wayne Fox, O&M Superintendent.

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


Secretary


President