

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
14th DAY OF OCTOBER 2014 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 and Dave Martin. Directors Mike Thomas and Scott Rogers were 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 Corky Anderson, a District landowner. The meeting was called to order by President Bixler.

Public Comments:

There were no comments from any members of the public in attendance.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held September 9, 2014 had been distributed and asked if there were any errors or omissions noted therein. After the noting of one correction and by the motion of Director Martin, second by Director Borges and 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 thereupon stated that inflow to Lake Kaweah was currently at 8 cfs, and several of the ditch companies in the upper reaches of the system were still taking water. He noted too that 9,081 AF had been transferred to LSID under the exchange agreement, and that 246 AF stemming from a purchase of others' unused ditch stock water remains in the District's Kaweah account.

Terminus Hydropower Operations - No report given.

Water Management Activities - No report given.

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 made reference to the third quarter O&M report, highlighting safety meetings, landscaping and clean-up work, weed control and grading in canals, vehicle maintenance, herbicide application rates and their minimal effectiveness due to lack of moisture. Mr. Fox then summarized crew work on the Mooney Grove Bridge, City of Tulare storm water basins, and canal shaping along Packwood Creek to accommodate adjacent cropping changes. Director Martin inquired as to the impetus for such work and Mr. Fox noted that it was to rectify encroachments into the canal right-of-way. Board discussions ensued as to the necessity of such work and associated costs. Mr. Fukuda and Mr. Fox then indicated that a more detailed report of the circumstances that create the need for clean-up efforts such as this will be given at the next board meeting.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of September 2014 for the Board's review and consideration. Beginning with the revenue and expense report, she noted revenues to-date stood at 52% of the annual revenue budget. She reported on expenses, noting the true-up payment made to USBR for 2013 water

deliveries. She then pointed out billings to others for outside construction projects totaling \$147,000. After citing a net loss of \$59,850 to-date, she then detailed capital outlay and loan cost figures. Ms. Artis next moved on to the statement of cash flows and statement of net assets. Ms. Artis then detailed the District's investments, citing yield rates of 1.03% in the Tulare County pooled fund, 0.25% at the state LAIF and 0.35% for funds held at Citizen's Business Bank. She lastly called the Board's attention to the amortization schedule for the Banc of America 9(d) contract loan.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Mr. Hendrix commented on the series of payments to LSID for Friant-Kern Canal pump-in charges, noting that ways to return water to LSID other than with Kaweah water will be further explored. Further questions regarding WWC assessments, consultant billings, and human resources computer software were dealt with. Then by the motion of Director Borges, second by Director Martin and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 45439 through 45530 totaling \$509,530.99 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Management Staff Reports:

Replacement of Engineering Technician - Mr. Fukuda announced that the Engineering Technician position has been filled by the selection of Joe Mello for the job. He commented that Mr. Mello has a background in some of the job duties required of the job and that his transition to the new position has been working out well.

NRCS Grant Application - Mr. Fukuda then reviewed the status of the District's recent grant application with the NRCS for on-farm and regional water efficiency projects. He noted that the two largest regional projects, one with the City of Tulare and one with multiple partners, have dropped out of the application due to lack of partner interest or prospects for completion. He indicated that the total grant request is now about \$1.3 million and consists of (a) a program to facilitate farm ground leases for groundwater recharge and (b) SCADA monitoring equipment. Mr. Fukuda added that, for the farm ground lease proposal, staff is partnering with CSU Fresno's Calif. Water Institute to formulate the program.

WWC Power Enhancement Operations - Mr. Hendrix noted that this matter is to be tabled until the November regular meeting.

McKay Pt Reservoir Project - Mr. Hendrix made reference to recent Valley Voice articles regarding CEMEX mining operations and alleged impacts on domestic wells in the Woodlake area. He observed that such wells have very likely been impacted by the ongoing drought and falling groundwater levels in the Kaweah basin, which creates uncertainties as to any harm being caused by CEMEX' operations. He said that inferences have been made in such articles to a future CEMEX project at McKay Pt and the chance of similar impacts on neighbors. Mr. Hendrix indicated that outreach activities are being planned to cast the reservoir project in a positive light and to counter any assumptions that CEMEX will cause well impacts at McKay Pt as may be occurring at the Stillwell mining site.

Assessment and Water Sale Rates - Mr. Hendrix noted that this matter is to be tabled until the November regular meeting.

Matters for Consideration of Board Action:

Resolution Nos. 14-07, 14-08 - Mr. Hendrix presented the established form of resolution to levy the annual assessment to partially fund CVP water purchases in 2014 and for groundwater recharge operations. He further presented the established form of resolution to fix the annual charge for 2014 to defray the costs to the District of the USBR-imposed Friant surcharge and environmental restoration fees. It was moved by Director Borges, seconded by Director Martin, duly put and carried, that

Resolution No. 14-07 levying an assessment of 0.8% of the District assessed valuation on all lands within the District, be approved and adopted. It was additionally moved by Director Martin, seconded by Director Borges and unanimously carried by all board members present, duly put and carried, that Resolution No. 14-08, fixing a charge of \$16 per acre on all lands within the District, be approved and adopted.

Amendment to Personnel Policy No. 1240 - Ms. Artis reviewed the current medical plans made available from ACWA/JPIA by the District, and then summarized the high-deductible, Account Based Health Plan option for the PPO plan. She emphasized the lower premiums of the ABHP, the \$3,000 deductible for family coverage, and the function of the employee accounts to be established to pay for a portion of the deductible. The Board discussed the new plan offering, asking questions of Ms. Artis concerning retirees, relationship to Medicare, and spousal coverage as a secondary plan. The Board, while generally favorable to the ABHP option, directed staff to bring the matter up at a special meeting in the near future and provide additional information regarding such issues.

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.

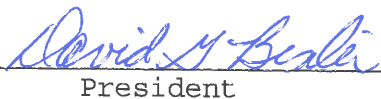
Director Bixler thereupon summarized the agenda addressed at the September 3rd annual meeting of the Tulare Irrigation Co. He said that board members were seated, officers appointed, and that an assessment of \$65 was levied upon all shareholders.

Director Martin next reviewed the matters dealt with at the October 9th K&SJRA board meeting. He listed the water supply report and the old water quality association close-out activities. He then went on to summarize the meeting content of the KBWQA held that same day, which included the number of members signed up, acres covered within the basin, and appointment of officers.

Mr. Hendrix lastly summarized the conduct of the last FWA meeting held on September 25th. He mentioned the general member dues collection now on an as-needed quarterly basis as opposed to a normal annual budget, as some Authority members do not want to commit to an annual budget until and after a successful closure to the strategic planning process.

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


Secretary


President