

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE TULARE IRRIGATION DISTRICT HELD ON THE  
13<sup>th</sup> DAY OF JANUARY 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 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, Beth Holmes, Assessor-Collector and Marco Crenshaw, Watermaster. Members of the public in attendance were Don Wright representing the Renewable Resources Group, Wil Boschman representing Semitropic WSD, and Corky Anderson and Jim Valof, both landowners within the District. The meeting was called to order by President Bixler.

Approval of Minutes:

Director Bixler then noted that the minutes of the regular meeting held December 9, 2014 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 Rogers and unanimously carried by all board members present, the minutes of the meeting were thereupon approved as presented.

Public Comments:

Mr. Boschman was provided the opportunity to present the development and operation of the Semitropic groundwater banking program in Kern County. He then addressed the early 1980's issues of cost and water shortages in Kern County, advantages of groundwater banks, costs, recharge methods, facilities and participating entities. He also reviewed the costs for future participation in the banking program. Mr. Anderson posed the question as to whether there may be ways in which the District could participate in the Semitropic program as well.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw began with noting that storage in Lake Kaweah stands at nearly 23,000 AF and that a flood release may be forthcoming as determined by USCE. He indicated that the K&SJWA Watermaster has been pressing for stored water to remain in the lake as long as possible, given the continuance of the drought conditions. Mr. Crenshaw noted that the District has 1,436 AF of entitlement in storage at Terminus, and that a flood release would likely not add much to the supply available to deliver into the District.

Water Supply Outlook - Mr. Crenshaw next indicated that rainfall for December was 200% of average at the District yard, yet there has been zero rain thus far in January, bringing the season's average down to just over 100% to-date. Mr. Crenshaw then cited snowpack figures, those being 40% of average to-date for the Kaweah watershed and 34% for the San Joaquin.

Terminus Hydropower Operations - No report given.

Water Management Activities - Mr. Hendrix indicated that the District

is working with LSID to retain, in Lake Kaweah, that district's left-over purchased water from last year for some of its individual growers. He said that, in so doing, the District would keep a portion of this water for its own use later this summer, provided there was no call by LSID in 2015 for payback per the long-term exchange agreement.

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 proceeded to review the fourth quarter O&M report distributed to the Board. Mr. Fox highlighted safety training, ditch-bottom dozing work and sand/debris removal, tree trimming along the Main Intake Canal, channel work for Tulare IC, vehicle repairs, herbicide applications, and non-district construction work. Director Borges asked about the status of the G. Watte Packwood to Main connection project, and Mr. Fox said it's on the wait list and work will start soon.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of December 2014 for the Board's review and consideration. Beginning with the revenue and expense report, she noted income for the year of \$5.57 million and net income, exclusive of capitalized costs, of \$327,850. It was noted that water contract payments to USBR included catch-up adjustments for prior years. Ms. Artis next moved on to the statement of cash flows and statement of net assets, citing total assets of \$50.24 million. Ms. Artis then reported on the status of the District's investments, citing yield rates of 1.09% in the Tulare County pooled fund, .27% at the state LAIF and .35% at Citizens Business Bank. 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. She pointed out a correction to double expense payments for the fall ACWA conference and clarifications to the Peltzer, Richardson legal billing. Director Borges mentioned the necessity of monthly billings from the Friant WA general membership for the time being, and several O&M-related cost questions were fielded by Mr. Fox. By the motion of Director Borges, second by Director Rogers and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 45706 through 45810 totaling \$282,299.76 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Assessor-Collector Report:

Ms. Holmes presented the Board with a tabulation summarizing the first installment collections and tax status of sales. She noted that 96% of the first installment had been collected as well as 52% of the second. Ms. Holmes then added that \$14,800 of tax sales remain on the books and that, per the agreement therewith, \$1,400 in pre-2009 tax sales had been transferred to the County for collection via property taxation. Discussions then ensued as to the cost of providing assessment payments via credit card, and staff was asked to evaluate the costs and benefits associated with such transactions and whether such costs could be passed on to those utilizing the service.

Management Staff Reports:

Semitropic WSD Groundwater Bank - The subject was addressed under public comments.

Cordeniz Property Well Repair - Mr. Fukuda reviewed for the Board the several options regarding fixing the subject well and providing access to water during basin construction on the property. He covered trucking water from the District yard as well as replacing the well with a smaller submersible one. Staff was directed to pursue the installation of a smaller well, with the intent that sufficient capacity, thought to be about 300 gpm, would be available to timely fill a water truck.

Matters for Consideration of Board Action:

Resolution No. 15-01 - Mr. Hendrix brought to the Board's attention the subject resolution and associated listings of appointments, proxies and representations to be identified as among board members and staff. With acceptance that the current slate of such persons are again appropriate for the current year and with two new alternate selections, Resolution No. 15-01 was adopted with the motion of Director Rogers, second by Director Borges, and duly put to vote and unanimously carried.

2015 Preliminary Budget - Mr. Hendrix thereupon reviewed the District budget report as presented to the Board. He made note of the assumption of below-average water supplies, and discussed projected revenues and expenditures as well as substantial grant income for capital projects. He cited projected income of \$7.8 million, O&M expenses of \$6.2 million, and capital costs of \$1.5 million, the combination of which should leave the District in the range of \$14.6 million in cash reserves at year's end. By the motion of Director Borges, second by Director Thomas and unanimously carried by all board members present, the 2015 preliminary budget was approved.

Mr. Hendrix then went on to review the District's reserve policy and how revenues and expenses are categorized therein. He concluded with a review of the status of cash reserves as of January 1<sup>st</sup> and associated reserve fund transfers and the Board, by the motion of Director Rogers and second by Director Borges, approved the fund transfers as proposed.

Approval of Lease Agreement - Mr. Hendrix presented the Board with an agreement for the one-year lease of 30 shares of Evans DC stock from the College of the Sequoias. He said that he had reviewed the agreement as had District legal counsel. Mr. Hendrix noted that for a total payment of \$16,080, the District will receive the water allocation and COS will pay the periodic Evans assessments. By the motion of Director Thomas, second by Director Rogers and unanimously carried by all board members present, said lease agreement was approved for execution by the General Manager.

Approval of Amendment to Water Exchange Agreement - Mr. Hendrix next summarized the requests of Lindsay-Strathmore ID to allow their proceeding with a sale of excess water supplies. Through several meetings and correspondence, the District will retain the right of first refusal, set forth in the TID-LSID water exchange agreement, on such excess water should the financial terms of the proposed sale by LSID change significantly. He added that LSID also desired the flexibility to provide the District water per the water exchange agreement from its Friant allocation in lieu of its Wutchumna WC supply. He stated that an amendment had been prepared by District legal counsel to accomplish this. Discussion was then held regarding the losses associated with the delivery of WWC water as compared to

water diverted from the Friant-Kern Canal. It was then moved by Director Borges, seconded by Director Thomas and unanimously carried by all board members present, to execute the amendment as presented.

Pipeline Conversion Request - Mr. Fukuda described a request by J. Mattos to convert about 1,900 ft of the Bender Ditch to a pipeline across his property to accommodate permanent crop plantings. He noted the cost, likely paid by Mr. Mattos, would be on the order of \$150,000. The Board discussed the conversion request, and it was asked of staff to prepare a map depicting all such conversions of the recent past. Director Rogers expressed his reservations in continuing to allow for such pipeline segments, noting that the District was set up as an open-channel system and the associated loss of recharge and infiltration capacity which occurs over time when pipes replace unlined ditches. No action was taken by the Board on this matter.

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 summarized the prior two K&SJRA board meetings, making note of water supply issues and riparian right inquiries. He then reviewed the KBWQA meetings and reviewed the fiscal situation of the association and state board penalties that have been levied in the E. San Joaquin coalition region.

Director Borges then went over the matters discussed at the December meetings of the Friant WA. He cited water supply updates, call for funds, and activities of the new executive search and interim water supply committees.

Director Thomas then reviewed the last WWC board meeting held on December 10<sup>th</sup>. He noted the progress being made regarding the relationship and communications between the Company and the KRPA during power enhancement operations. Mr. Fukuda provided an overview of these communications and of his technical review of the power enhancement calculations.

The Board then adjourned to a closed session per Gov't. Code §54956.9(a) and §54957. Upon the return to open session, the Board, by the motion of Director Borges and second by Director Rogers, unanimously carried by all board members present, rejected the claims of B. Cross and M. Barrajas for damages allegedly caused by overtopping in the Westside Ditch and referred the claims to the ACWA/JPIA.

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

J. Paul Hendrix  
Secretary

David G. Bixler  
President