

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
13th DAY OF JUNE 2017 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, Dave Martin and Scott Rogers. Staff present at the meeting were J. Paul Hendrix, General Manager and Secretary; Kathi Artis, Controller and Treasurer; Aaron Fukuda, Engineer; and Marco Crenshaw, Watermaster. Also present was Don Wright, scribe for Renewable Resources Group and Negesse Ghenbrendrias, journalism major at Calif. State University at Fresno. The meeting was called to order by President Bixler.

Public Comments:

Director Thomas made mention of his blueberry growing enterprise and berry marketing in the San Francisco Bay area.

Approval of Minutes:

Director Bixler then noted that the minutes of the special meeting of May 9, 2017 had been distributed and asked if there were any errors or omissions noted therein. There being none, 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.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw commented on the long water season and said Lake Kaweah storage stands at 159,000 AF. He discussed the lengthy flood release conditions at Terminus Dam and that Friant water importations have been limited thereby. He presented graphs and charts depicting both Terminus and Friant Dam operations.

Water Supply Outlook - Mr. Crenshaw next discussed a chart indicating record diversions for the year to-date, citing 205,000 AF diverted into the District channel system during the period January through May, of which 187,000 AF was from the Kaweah River and 18,000 AF from the Friant-Kern Canal. He then discussed projected supplies, commenting that the summer run should extend well into September.

Water Management Activities - Mr. Hendrix reviewed the 2001 agreement with Corcoran ID and J.G. Boswell regarding District spill flows into the channel systems in Kings County. He noted that this year's exceedingly high runoff projections for the Kaweah River and other neighboring watersheds have raised concerns by Boswell related to the importation of Friant water in lieu of additional Kaweah River diversions. He indicated that the District and other Kaweah Units are maintaining sufficient Terminus releases such that the USCE flood release requirements are being satisfied.

O&M Superintendent Report:

Routine Work, Outside Work and Construction Projects - Messrs. Crenshaw and Fukuda reported on the maintenance activities undertaken during the past month in the delivery system and within upstream diversion channels. They reviewed pipeline leak repairs, noting that

leak occurrences have greatly increased due to the high flows. Two temporary employees are to be utilized soon to assist with maintenance work, and R. Horton has been pulled from weed control work into ditch tending to cover a staffing shortfall.

Treasurer Reports:

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of May 2017 for the Board's review and consideration. She noted water sales to-date amounting to about \$1.4 million and total revenue of \$1.9 million from all sources. She next reviewed expenses, making mention of Friant O&M costs and other expense categories. Some discussion ensued over data processing costs. She cited a net cash flow of negative \$908,000 for the year to-date including capital outlay and loan principal reduction. Ms. Artis continued with presenting the statements of cash flows and net assets. She then cited investment returns for the District's several holding accounts, those being .93% with the state LAIF, 1.46% with the Tulare County Pooled Fund, and 1.27% with CalTRUST. Ms. Artis lastly noted that the District has sufficient funds on hand to cover six months' worth of expenses.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. Mr. Hendrix called out the payment made to Provost & Pritchard for a water supply analysis, and some other payments were discussed as well. 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. 48556 through 48656 totaling \$352,982.50 were all either ratified or approved as paid, exclusive of any voided or withheld checks.

2016 Financial Statements - Ms. Artis told the Board that the auditing firm should conduct a half-day office visit soon to review the District's financial records for last year.

Management Staff Reports:

Visitation by PPIC - Mr. Hendrix summarized a tour of District water recharge operations by the Public Policy Institute of California. He indicated that the PPIC has recently been disseminating reports of the San Joaquin Valley's water supply situation in light of new state groundwater management regulations.

Mid-Kaweah GSA - Mr. Hendrix indicated that all three GSAs in the Kaweah Sub-Basin have finalized formation notices with the state and that no overlaps remain along mutual boundaries. He indicated that Mid-Kaweah has offered to serve as the applicant for up to \$1.5 million in grant funding from the state for coordination and GSP preparation within the sub-basin. Mr. Hendrix also noted that the GSA is working on a budget for its next fiscal year and that considerable funds remain from last year to help defray future expenditures. He mentioned that future financial contributions to fund the GSA budget can thus be deferred until later, and a discussion of funding alternatives ensued among the Board.

California WaterFix - Mr. Hendrix apprised the Board of an upcoming decision that CVP contractors need to make in the near future regarding participation in CA WaterFix, i.e., the Delta tunnels project. He stated that Friant's primary interest in the project is as an insurance policy to ward off or reduce any future call on water from Millerton Lake by USBR to meet Exchange Contractor supply needs. Mr. Hendrix noted that that this topic will be addressed further at

upcoming board meetings as more information is made available.

McKay Pt Reservoir Project - Mr. Fukuda indicated that, given CEMEX' reconsideration of aggregate market conditions and royalty rates, discussions have broadened to two other mining companies who have expressed an interest in the project. He also mentioned that another engineering evaluation of the reservoir's cost may be forthcoming as these discussions with potential excavation contractors evolve.

Matters for Consideration of Board Action:

Resolution No. 17-08 - Mr. Hendrix indicated his interest in continuing to serve on the Region 7 board of ACWA, and that a resolution of support from the District is required to submit his name as a candidate for the position. By the motion of Director Borges, second by Director Thomas and unanimously carried by all board members present Resolution 17-08, expressing support for Mr. Hendrix to serve in the capacity of a board member of ACWA Region 7, was adopted.

Revised 2017 Budget - Mr. Hendrix reviewed the Revised 2017 Budget, highlighting changes from the preliminary version. He pointed out that revenues should exceed expenses by about \$3.3 million, largely due to the high volume of anticipated water sales at the upwardly revised sales rate and lower costs of Friant water this year. He singled out other changes such as KRPA revenues, anticipated grant income, contributions to the Mid-Kaweah GSA and capital projects. Mr. Hendrix estimated the ending reserve funds balance after this year's anticipated income and expenses to be at about \$11.8 million. He further underscored that gains in reserves in wet years such as the current one will be needed to support expenses in the average and below-average years. Director Thomas commented that, with all the culvert failures in the District now occurring, perhaps a capital budget line item should be set aside for repairs and replacements of such facilities. Upon further discussion and with the motion of Director Thomas, seconded by Director Rogers, the Revised 2017 Budget was approved as presented.

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 summarized the Friant WA's May 25th board meeting and preceding Executive Committee meeting. He highlighted a summary of CVP Delta operations, Friant delivery outlook, NASA airborne snow survey activities, the upcoming year's O&M budget, and subsidence problems along the Friant-Kern Canal.

Director Borges went on to review the June 8th meeting of the K&SJRA, naming Terminus operations, CVP imports and riparian water right inquiries as topics of discussion. He also summarized the same-day meeting of the KBWQA, noting the status of membership, nitrogen management plan changes, and RWQCB site inspections.

Director Bixler then summarized the topics under discussion at the May 16th Visalia Water Committee meeting, indicating that routine reports of pending and current projects were given.

Director Thomas thereupon noted the highlights of the May 10th meeting of the Wutchumna WC, saying that an assessment was levied in the amount of \$325 per share. He also said that discussions with the City of Woodlake continued over GSA membership, and that the Antelope Heights diversion facilities on the Wutchumna Ditch received

discussion.

Closed Session:

There was no closed session held by the Board.

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

J. Paul Hendrix
Secretary

David G. Lester
President