

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TULARE IRRIGATION DISTRICT HELD ON THE
8th DAY OF AUGUST 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; Beth Holmes, Assessor-Collector; Aaron Fukuda, Engineer; Wayne Fox, O&M Superintendent, and Marco Crenshaw, Watermaster. Also present were Joe Mastro of Cuttone & Mastro CPAs; Jason Phillips, CEO of Friant WA; and Don Wright, scribe for 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 of June 13, 2017 had been distributed and asked if there were any errors or omissions noted therein. One correction was identified and, by the motion of Director Martin and second by Director Thomas, unanimously carried by all board members present, the minutes of the meeting were thereupon approved as corrected.

Treasurer Reports:

2016 Financial Statement and Audit - Mr. Mastro proceeded to discuss his firm's review of the District's financial statements. He addressed the statement of net position, capital assets, revenues and expenditures, and the single audit for federal grant awards. In regards to the single audit, Mr. Mastro indicated that certain procurement decisions made pertaining to the Cordeniz Project were not properly documented, and that the District lacks a procurement policy governing such decisions. Mr. Hendrix stated that staff is in the process of developing such a policy and will soon present it for board approval. After further discussion of the audit findings, it was moved by Director Martin, seconded by Director Rogers and unanimously carried by all board members present, to accept the audited financial statements and report as presented.

O&M Superintendent Report:

Routine Work, Outside Work and Construction Projects - Mr. Fox thereupon reported on the maintenance activities undertaken during the past month in the delivery system and within upstream diversion channels. He noted the limited crew size due to ongoing ditch-tending work and cited weed control, yard clean-up and upstream system grading work that had been undertaken.

Flat-Bed Truck Acquisition - Mr. Fox next summarized the need to replace the 1995 GMC flat-bed truck due to non-compliance with CARB requirements. He also described the plan to install the tool truck equipment onto a replacement cab & chassis. The board thereupon discussed the three options reviewed by the Equipment Committee and sided with the Committee's recommendation to purchase a new Ford F450 cab & chassis. By the motion of Director Rogers, second by Director Thomas and unanimously carried by all board members present, staff was authorized to purchase a 2017 F450 truck from Will Tiesiera Ford for \$35,749 including tax.

Public Comments:

Mr. Phillips summarized the current Friant discussions regarding the subsidence issues within the Friant-Kern Canal, noting that repairs could cost as much as \$400 million. He mentioned funding sources for this work, including appropriations identified in a water bond initiative being proposed by J. Meral. Mr. Phillips also discussed Friant's potential participation in the Temperance Flat Reservoir project and the status of the HR 23 water bill.

Watermaster Report:

Lake Kaweah Storage and Operations - Mr. Crenshaw said Lake Kaweah storage now stands at 79,000 AF. He indicated that, as in-district demands now are receding, diversions into Packwood Creek have stopped. Mr. Crenshaw next discussed both Terminus and Friant operations. He noted that January through July total diversions are at record pace, and for July alone about 60,000 AF has been brought in, and 64% thereof was sold at canal turnouts. He also presented graphs and charts depicting both Terminus and Friant Dam operations.

Water Supply Outlook - Mr. Crenshaw then discussed projected supplies, noting that there might be a possibility of 5% residual Class 2 allocation forthcoming. He noted that the CVP diversions thus far have consisted primarily of Recovered Water Account (RWA) water.

KRPA Operations - Mr. Crenshaw next presented a graph of historical energy generation at Unit No. 1 juxtaposed with the Kaweah water year percentage, which graph received some discussion.

Water Management Activities - Mr. Hendrix stated that Delano-Earlimart ID has as much as 20,000 AF of surplus Class 1 water for sale and/or exchange, and that discussions have commenced on an arrangement to acquire this water for District use. The board expressed its desire to purchase this water as opposed to entering into an exchange arrangement.

Treasurer Reports: (cont.)

Approval of Financial Statements - Ms. Artis then presented the financial statements for the month of July 2017 for the Board's review and consideration. She addressed first the revenue and expense statement, indicating the water sale revenues to-date stood at about \$4.3 million, and that total revenues stand at about 50% of that budgeted. She continued with key expenses categories relative to budgeted amounts. Director Borges asked why the Friant west-side O&M billing was as high as it was, and staff indicated this will be looked into. Ms. Artis continued with citing a net year-to-date O&M increase of \$1.5 million and \$0.9 million including capital expenditures and loan principal amounts. She then went on with presenting the statements of cash flows and net assets. She then cited investment returns for the District's several holding accounts, those being 1.50% with the Tulare County Pooled Fund, .98% with the state LAIF, and 1.41% with CalTRUST. Ms. Artis ended with noting that the District has sufficient funds on hand to cover routine expenses for six months.

Approval of Bill Payments - Ms. Artis next presented the list of bills submitted for ratification and approval by the Board. After some scrutiny of particular bills the board, by the motion of Director Martin, second by Director Thomas and unanimously carried by all board members present, the Board accepted the financial statements and, by said motion, check nos. 48763 through 48843 totaling \$1,975,802.13

were all either ratified or approved as paid, exclusive of any voided or withheld checks.

Ratification of Reserve Transfer - Ms. Artis described the auditor's desire that a negative reserve amount not be indicated in any of the several reserve fund categories maintained per the Reserve Policy. Accordingly, she recommended that the Board authorize a transfer of \$1,239,973 from the CVP Environmental Charges Fund to the Water Rate Stabilization Fund, retroactive to January 1st. By the motion of Director Borges and second by Director Martin and unanimously approved by all board members present, the recommended transfer was so authorized.

Assessor-Collector Report:

Ms. Holmes told the Board that publishing costs to disclose assessment delinquencies have greatly increased. She indicated that the final cost for the information to be printed in the Tulare Advance-Register, after modification and reduction in size came to \$3,677, down from \$10,445. She further noted that the associated fee per parcel was likewise reduced to \$40 per parcel in the second of the three required publication postings. Ms. Holmes was advised by the Board to check with other newspaper publications to determine if the District's delinquency notices may be placed therein at lesser cost in the future.

Management Staff Reports:

Retirement Benefits - Mr. Hendrix indicated that he will convene a meeting of the Personnel Committee soon to discuss ways in which the benefits afforded to retirees may be reduced in cost.

Mid-Kaweah GSA - Mr. Hendrix noted that a GSA meeting may be scheduled for late August to approve certain agreements and consultant work orders to proceed with a state grant application for basin-wide coordination efforts.

Matters for Consideration of Board Action:

Resolution No. 17-10 - Mr. Hendrix presented a form of resolution expressing support for a water bond initiative by Jerry Meral for placement on the November 2018 state ballot. He made note of the three bond appropriations in the proposed initiative of interest to the District, namely funding for the Friant-Kern Canal repairs, groundwater sustainability planning, and water measurement research. By the motion of Director Borges, second by Director Martin and duly put and carried by all board members present, Resolution 17-10 was so adopted.

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 Martin summarized the last Mid-Kaweah GSA meeting held on July 11th.

Director Borges then proceeded to update the Board on both the K&SJWA and KBWQA meetings held on August 3rd. He mentioned riparian water rights matters, appointments to the water quality association board and its membership status, and fee increases from the RWQCB.

Director Borges next summarized the KRPA quarterly board meeting held

on July 19th. He noted that officers were elected and summaries were given regarding this year's generation revenue and Unit No. 2 costs.

Director Borges lastly summarized the FWA meeting held on July 27th. He made note of Chowchilla WD's one-year trial membership activation, the water supply report and airborne snow survey developments, the Temperance Flat project JPA progress, SB 623, and the Friant-kern Canal pump-back project's funding sources.

Director Bixler then summarized the July 28th ACWA board meeting and content.

Director Thomas thereupon noted the highlights of the July 12th WWC board meeting and highlighted a \$325 assessment and status of the City of Woodlake's storm water discharge pumping system into Bravo Lake.

Closed Session:

The Board thereupon adjourned to closed session per Government Code §54956.8 and §54957. Upon return to open session, it was reported that no reportable actions were taken in closed session.

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

J. Paul Hernandez
Secretary

David G. Baxter
President