



**MINUTES OF THE
BOARD OF DIRECTORS MEETING
OF THE TURLOCK IRRIGATION DISTRICT**

Turlock, California
18 April, 2017

The meeting of the Board of Directors of the Turlock Irrigation District was called to order at 9:00 a.m. in regular session on the 18th day of April 2017. Present were: Directors Joe Alamo (President), Charles Fernandes (Vice-President), Michael Frantz (Secretary), Rob Santos and Ron Macedo, General Manager Casey Hashimoto and Deputy Secretary to the Board Dorinda Soiseth.

SALUTE TO THE FLAG

MOTION APPROVING CONSENT CALENDAR

Moved by Director Fernandes, seconded by Director Santos, that the consent calendar consisting of the following be approved:

- A. Minutes of the regular meeting of April 11, 2017.
- B. Demands against the District represented by check numbers 362274 to 362475 in the amount of \$13,461,741.80.

All voted in favor with none opposed. The President declared the motion carried.

PUBLIC COMMENT PERIOD

There was no public comment.

WEEKLY UPDATES

Line Division Manager John Rover presented the report for the Electrical Engineering and Line Department. The average for time customers who were without power (due to outages) is down. The SAIDI (System Average Interruption Duration Index) year-to-date figure is 24.9. SAIDI totals the duration of each outage then divides it by the customer base, and is considered a commonly used formula in the industry. Major outage contributors in March show third party damage caused 38 percent, unknown at 16 percent, trees at 15 percent each, equipment failure at 13 percent, animals at 13 percent and interference at 5 percent. The crew structure in March was at five 4-person crews, one 2-person crews, and one 5-person contract crew. The majority of crews worked on customer work and maintenance.

Wes Kellison, Energy Trader, reviewed operations for the week of April 7 through April 13, 2017. The daily system peak, including partial required sales, reached 316.2 megawatts on

April 5. The load was met with TID Hydro at 38.0 percent, thermal generation at 18.4 percent, short and long-term firm, renewables and spot purchases. Total renewables of TID retail energy sales plus losses were at 29 percent. The Tuolumne Wind Project (TWP) generated 8,023 MWh's during this time period at the Willis Substation. Natural gas prices at Pacific Gas & Electric Company's Citygate were \$3.35/mmBTU. Electric operations for this period show Walnut Energy Center out of service through May 12; Boardman was offline for economics; Almond ran all week for operations; and Don Pedro Unit 4 remains out of service until further notice.

Jason Carkeet, Utility Analyst, reported on current water conditions for the week of April 10 – 16, 2017. Accumulated precipitation measured at the three mountain stations in the Tuolumne River watershed from September 1, 2016 to present total 61.15 inches, or 189.9 percent of normal to date. Snow sensors are 178.4 percent of average to date. Computed natural flow is averaging 5,865 cfs. San Francisco reservoirs contain 496.674 acre-feet. Don Pedro contains 1,674,585 acre-feet. Average combined releases are at 11,314 cubic feet per second with 510 cfs going to TID, 346 cfs to Modesto Irrigation District, and the remaining 10,458 cfs going to the Tuolumne River. Don Pedro Water Bank is at 570,000 acre-feet and Turlock Lake contains 21,635 acre-feet of water. Plans are to keep Turlock Lake at its current level due to a planned outage next week, then it will be maintained at approximately 28,000 acre-feet. There was discussion about the wettest year on record and how close we are to that. Mr. Carkeet noted that we currently have five inches less precipitation than occurred in 1983. Tuolumne River releases may drop down to approximately 7,000 cfs in the next 14 days but will be re-assessed as the snow melt comes down. Director Frantz stated the he is receiving calls from farmers whose crops are now coming out, inquiring how long the current releases will be maintained. Mr. Carkeet advised that it will be about two weeks until a change in the releases is made.

Mike Kavarian, Water Distribution Department Manager, reviewed irrigation activities for the week of April 10-16. The call center received 617 orders for the week, with another 300 orders that came in on Monday. Flows ranged between 590 and 290 cfs. Daily releases from Turlock Lake were 472 cfs, 452 cfs below projections. Due to the wet weather this week we may not reach the average line for April. Contracts for the rented pumps will not go out to customers until the first week of May, and we will not run pumps until the third or fourth week of May if wet weather continues. We are doing what we can to get the water through to minimize the amount of spills, and previous orders are being cancelled by the customer due to the anticipated precipitation.

RESOLUTION NO. 2017 – 26

RESOLUTION AUTHORIZING THE TURLOCK IRRIGATION DISTRICT SIGNATURE AUTHORITY FOR CALIFORNIA STATE AGENCIES

WHEREAS, the Turlock Irrigation District is required to designate representatives to submit documents to FEMA and California OES on the District's behalf for reimbursement.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Directors of the Turlock Irrigation District, to designate Jesse Kirschner Finance Manager and Michael Clipper Risk

& Investment Analyst to execute for and on behalf of Turlock Irrigation District, any actions necessary for the purpose of obtaining federal financial assistance provided by the federal Department of Homeland Security and subgranted through the California Governor's Office of Emergency Services. This Signature Authority is universal and is effective for all open and future disasters up to three (3) years following the date of approval below.

Moved by Director Frantz, seconded by Director Santos, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes: Directors Fernandes, Santos, Frantz, Macedo, Alamo
Noes: Directors None
Absent: Directors None

The President declared the resolution adopted.

DISCUSSION ON THE 2016 CONSULTING ENGINEER'S REPORT

Joe Malaski, CFO/AGM Financial Services, reported that the Consulting Engineer's Report outlines District operations and meets our Bond Ordinance obligation. Responding to a question from the Board, Mr. Malaski noted that this is an ongoing obligation and once a year we receive an outside overview of District operations that includes interviews with TID staff.

MOTION APPROVING AND ACCEPTING THE 2016 CONSULTING ENGINEER'S REPORT

Director Frantz moved, Director Fernandes seconded, that the 2016 Consulting Engineer's Report prepared by Leidos, pursuant to Section 714.4 of Resolution No. 86-164, containing comments on the operation of Turlock Irrigation District's irrigation and electric systems during fiscal year 2016, and recommendations for future operations that may be deemed necessary or appropriate, be approved.

All voted in favor with none opposed. The President declared the motion carried.

MOTION ACCEPTING THE TREASURER'S REPORT ON TURLOCK IRRIGATION DISTRICT'S INVESTMENT PORFOLIO AND SUMMARY OF INVESTMENT ACTIVITY

Director Macedo moved, Director Fernandes seconded, that the Investment Portfolio dated March 31, 2017 which was prepared by Public Financial Management, Inc. for the Turlock Irrigation District (District) and reviewed by the Board of Directors be hereby accepted, and that the Board of Directors hereby acknowledges the opinion of Treasurer Joseph E. Malaski, confirming the Investment Portfolio is in compliance with the District's Investment Policy and verifying the District has the ability to meet budgeted expenditures for the next six months, be approved.

All voted in favor with none opposed. The President declared the motion carried.

REPORT OF TURLOCK IRRIGATION DISTRICT'S AUDITED FINANCIAL STATEMENTS

Joan Murphy of Pricewaterhouse Coopers, provided an outline of Turlock Irrigation District's audited financial statements. The audit reporting includes three sets of statements for the 2016 year – Turlock Irrigation District, Walnut Energy Center Authority and Tuolumne Wind Power Authority. The auditors have a professional requirement to identify financial risk, and management override of controls is one area of focus of the audit. A question from the Board was how an override of control is identified. Joan responded that they interview employees about different channels of discussion that occur. If fraud is uncovered, the Board would be notified. There was discussion about the audit process. Nothing came up in this audit that was not identified and all significant issues were addressed by management. Pricewaterhouse Coopers concurs with all final accounting positions. She reviewed GASB 72, the fair value market measurement and application, which is a new accounting and financial reporting requirement for state and local governments. GASB 75, the accounting and financial reporting for postemployment benefits other than pensions, will identify what is ultimately owed. The auditing firm does not see any short cutting of procedures for management at TID, and no control deficiencies were identified. Ms. Murphy reviewed the fraud procedures that were performed which took a hard look at the journal entries. Director Frantz expressed thanks for the report and hard work, and said it gives the Board confidence in staff.

MOTION APPROVING AND ORDERING PUBLICATION OF TURLOCK IRRIGATION DISTRICT'S FINANCIAL CONDITION

Director Frantz moved, Director Fernandes seconded, to approve and verify, pursuant to Water Code Section 24274, the Financial Report for the twelve months ended December 31, 2016 disclosing the financial condition of the Turlock Irrigation District for that period, and to direct that the notice required by Water Code Section 24275, be published in the Turlock Journal.

All voted in favor with none opposed. The President declared the motion carried.

GENERAL MANAGERS REPORT

General Manager Casey Hashimoto had no items to report.

BUSINESS OF THE BOARD

There was none.

MOTION TO ADJOURN TO CLOSED SESSION

Moved by Director Frantz seconded by Director Fernandes, that the regular meeting of the Board of Directors be adjourned:

- 1. Conference with Legal Counsel – Anticipated Litigation**
California Government Code Section 54956.9(d)
Anticipated litigation: one potential case
 - Brian LaFollette, AGM Power Supply
 - Brad Koehn, AGM Power Supply
 - Joe Fagundes, Legal Counsel

2. Conference with Legal Counsel – Existing Litigation

California Government Code Section 54956.9(a)

Lake Don Pedro Marina, LLC vs. Turlock Irrigation District, et al.

Stanislaus County Superior Court Case No.2017214

- Chris Collett, Department Manager

- Sara Lima, Assistant General Counsel

All voted in favor with none opposed. The President declared the motion carried.

REPORT OF ACTION TAKEN IN CLOSED SESSION

There was no reportable action taken in closed session.

MOTION TO ADJOURN

Moved by Director Frantz, seconded by Director Fernandes, that the regular meeting of the Board of Directors be adjourned.

The President declared the motion carried.

Dorinda Soiseth

Deputy Secretary to the Board of Directors