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 21st day of November 2017. Present were: Directors Joe Alamo (President), Charles Fernandes (Vice-President), Michael Frantz (Secretary), Rob Santos and Ron Macedo, General Manager Casey Hashimoto and Executive Secretary to the Board Tami Wallenburg.

**SALUTE TO THE FLAG**

**MOTION APPROVING CONSENT CALENDAR**

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

A. Minutes of the regular meeting of November 7, 2017.
B. Demands against the District represented by check numbers 368399 to 368857, inclusive, in the amount of $18,033,978.16.

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

**PUBLIC COMMENT PERIOD**

Customer Aaron Hackler expressed concern over a regulatory matter regarding on-farm record keeping and water testing which will be implemented next year by the Food and Drug Administration (FDA). He felt it would be a big impact to irrigation districts. Mr. Hackler’s concern was whether the District was following this regulation since the farmers receive water via our canal system. (Mr. Hackler was referring to the Food Safety Modernization Act (FSMA) which was signed into law in 2011. This federal law has given the FDA new authorities to regulate the way foods are grown, harvested and processed. There is a water quality component which includes on-farm water testing but this has no impact to the district as it is the responsibility of the landowner to perform the required testing).

**WEEKLY UPDATES**

Line Division Manager Denver Hodges presented the report for the Electrical Engineering and Line Department for the month of October. The SAIDI (System Average Interruption Duration Index) year-to-date figure is 61.4. (SAIDI totals the duration of each outage then divides it by the customer base, and is considered a commonly used formula in the industry). The average length
of time customers were without power (due to outages) was 9.2 minutes. Major outage contributors in October show Third Party Damage (car/pole accidents, etc.) at 46 percent, animals at 31 percent, equipment failure at 9 percent, and weather at 7 percent. Electrical Engineering received 54 customer requests with 35 of those sent to the Line Department for completion. Construction lead time in October was 1.5 weeks, with one contracted crew for the month. The crew structure in October was three 5-person crews, one 2-person crew, one 4-person contract crew and one 4-person crew. AGM Electrical Engineering/Operations Manjot Gill clarified the difference between customer and internal job requests and how each are processed.

Utility Analyst Jason Carkeet reported on current water conditions and precipitation forecast. Accumulated precipitation measured at the three mountain stations in the Tuolumne River watershed from September 1, 2017 to present total 5.41 inches, or 101 percent of normal to date. Computed natural flow is averaging 1,559 cfs. San Francisco reservoirs contain 368,393 acre-feet. Don Pedro contains 1,607,422 acre-feet. Average combined releases are at 411 cubic feet per second with 1 cfs going to TID, 82 cfs to Modesto Irrigation District, and the remaining 328 cfs going to the Tuolumne River. Don Pedro Water Bank is at 567,577 acre-feet of credit and Turlock Lake contains 27,820 acre-feet of water.

DISCUSSION REGARDING PROPOSED PURCHASE POWER AGREEMENT (PPA)

Resource Planning Department Manager Willie Manuel reviewed CPUC Code Section 399.20.3 which requires publicly owned utilities (POU”s) serving more than 100,000 customers to procure its proportionate share of the 125 Mw target from existing bioenergy projects. To minimize costs, all POU’s required to procure have agreed to procure as a group. A request for proposal was issued in March 2017 with ARP-Loyalton Cogen LLC as one of the respondents to issue a proposal. Since the energy to be delivered under the Loyalton PPA will be from a biomass power plant, pursuant to the EPS Regulations the Loyalton PPA will be compliant. The EPS regulations require a compliance filing with the CEC within 10 business days of entering into a power purchase agreement that is subject to the EPS regulations. After a brief discussion by the Board regarding the proposed agreement, the following action was taken:

RESOLUTION NO. 2017 - 77

RESOLUTION AUTHORIZING THE GENERAL MANAGER AND/OR ASSISTANT GENERAL MANAGER-POWER SUPPLY TO NEGOTIATE, EXECUTE AND ADMINISTER THE POWER PURCHASE AGREEMENT WITH ARP-LOYALTON COGEN, LLC, AND TO PREPARE AND SIGN THE COMPLIANCE FILING AND RELATED DOCUMENTS FOR SUBMISSION TO THE CALIFORNIA ENERGY COMMISSION

WHEREAS, Section 399.20.3 of the California Public Utilities Code require publicly owned utilities serving more than 100,000 customers to enter into purchase power agreement (“PPA”) with terms of at least five years with existing bioenergy projects for their proportionate share of the 125 MW target (“Biomass Requirement”); and
WHEREAS, the seven publicly owned utilities subject to the Biomass Requirement (“POUs”) have agreed to procure jointly to minimize cost and has been actively negotiating a PPA with ARP-Loyalton Cogen, LLC (“Loyalton”) who was one of the respondents to a request for proposals issued by the POU Group in March 2017; and

WHEREAS, to comply with the Biomass Requirement, the POUs desire to enter into a PPA with Loyalton; and

WHEREAS, the PPA due to its term and power source is subject to Title 20, Division 2, Chapter 11, Article 1 of the California Code of Regulations (“EPS Regulations”) which prohibits long term procurement by POUs from certain power plants that exceed an established emissions performance standard; and

WHEREAS, since energy to be delivered under the PPA with Loyalton (“Loyalton PPA”) will be from a biomass generating facility, pursuant to the EPS Regulations the Loyalton PPA will be compliant.

NOW, THEREFORE BE IT HEREBY RESOLVED by the Board of Directors of the Turlock Irrigation District (TID) that the General Manager and/or Assistant General Manager Power Supply and/or their designee are hereby authorized 1) to negotiate, execute, and administer the Loyalton PPA and related agreements and documents, and 2) to prepare and sign on behalf of the TID’s Board of Directors the compliance filing and related documents that will be submitted to the California Energy Commission pertaining to the Loyalton PPA.

Moved by Director Frantz, seconded by Director Fernandes, 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.

RESOLUTION NO. 2017 - 78

RESOLUTION APPROVING THE TRANSFER OF FUNDS FROM THE POWER SUPPLY ADJUSTMENT BALANCING ACCOUNT TO THE RATE STABILIZATION ACCOUNT

WHEREAS, in 2017 the District Board of Directors directed management to analyze the use of monies accumulated in the Power Supply Adjustment Balancing Account for effectively utilization for the District; and

WHEREAS, in order to effectively utilize the monies, it is necessary to transfer monies from the Power Supply Adjustment Balancing Account to the Rate Stabilization Account; and
WHEREAS, in order to effectively utilize the monies, it is determined that $35,000,000 be deposited in the Turlock Irrigation District Pension Plan in order to reduce the District’s unfunded pension liability, $28,260,000 be utilized for capital projects beginning in 2018 through 2020, $6,370,000 to be deposited in the California Employers Retiree Benefit Trust Fund in order to reduce the District’s unfunded Other Post-Employment Benefits (OPEB) liability and $370,000 to be used to reduce the amount of the District’s next bond refunding; and

WHEREAS, Turlock Irrigation District currently has monies available in its Power Supply Adjustment Balancing Account to fund $70,000,000 transfer.

NOW, THEREFORE BE IT HEREBY RESOLVED by the Board of Directors of the Turlock Irrigation District that as of November 21, 2017, $70,000,000 be transferred from the Power Supply Adjustment Balancing Account to the Rate Stabilization Account for the purposes of funding the District’s unfunded pension liability, funding capital projects, funding the District’s unfunded OPEB liability and reduce amount of future bond refunding.

Moved by Director Fernandes, 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.

MOTION ELECTING PRESIDENT

Moved by Director Santos, seconded by Director Macedo, that Director Fernandes be elected President effective the 1st day of December, 2017 through the 1st day of December, 2019.

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

MOTION ELECTING VICE-PRESIDENT

Moved by Director Frantz, seconded by Director Macedo, that Director Santos be elected Vice-President effective the 1st day of December, 2017 through the 1st day of December, 2019.

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

MOTION ELECTING SECRETARY

Moved by Director Fernandes, seconded by Director Santos, that Director Frantz be elected Secretary effective the 1st day of December, 2017 through the 1st day of December, 2019.

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

Moved by Director Frantz, seconded by Director Fernandes, that the following officers be appointed until the 1st day of December 2019:

- Executive Secretary to the Board: Tami Wallenburg
- Deputy Secretary: Dorinda Soiseth
- Treasurer: Brian Stubbert
- Deputy Treasurer: Martin Qualle
  Michael Clipper
- Collector: Martin Qualle
- Deputy Collector: Mike Kavarian
- Assessor: Mike Kavarian
- Deputy Assessor: Martin Qualle
- General Counsel: Griffith & Masuda

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

MOTION CANCELING THE TURLOCK IRRIGATION DISTRICT REGULAR BOARD MEETING OF NOVEMBER 28, 2017

Moved by Director Fernandes, seconded by Director Frantz, that the regular meeting of the Board of Directors of the Turlock Irrigation District scheduled for November 28, 2017, be canceled.

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

2018 BUDGET PRESENTATIONS FOR WATER RESOURCES AND ELECTRICAL ENGINEERING/OPERATIONS ADMINISTRATIONS

AGM Water Resources Tou Her reviewed the proposed 2018 budget for the Water Resources Administration. Full time employee allocations will remain at 136 in 2018. The capital budget is proposed at $10 million with large expenditures attributed to irrigation capital at $1.8 million, vehicle replacement at $695,000, Palm Street Operations complex construction at $3.9 million and the domestic water project at $1.7 million. The proposed Operations and Maintenance budget totals $19.4 million, up slightly by 0.7 percent when compared to 2017.
AGM Electrical Engineering and Operations Manjot Gill reviewed the proposed 2018 budget for the Electrical Engineering Administration. Full time employee allocations will remain at 128 in 2018. The capital budget is proposed at $14.4 million with large expenditures attributed to the upgrade of transmission and distribution lines (EOL) at $2.8 million, underground cable replacement at $1 million, routine expansion of transformers at $1.8 million, routine expansion services at $2.4, and 230 kV pole painting/refurbishment at $1 million. The proposed Operations and Maintenance budget totals $21.5 million, an increase of 13.2 percent when compared to 2017, due to several large capital projects and required maintenance in 2018.

GENERAL MANAGER’S REPORT

General Manager Casey Hashimoto had no new items to report.

BUSINESS OF THE BOARD

Executive Secretary to the Board Tami Wallenburg administered the Oath of Office to re-appointed board members Charles Fernandes (Director-Division 2), Joe Alamo (Director-Division 3) and Ron Macedo (Director-Division 5).

MOTION TO ADJOURN TO CLOSED SESSION

Moved by Director Macedo, 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)
   - Sara Lima, Assistant General Counsel

2. Conference with Legal Counsel – Anticipated Litigation
   California Government Code Section 54956.9(d)
   - Tou Her, AGM Water Resources
   - Chris Collett, Recreation Department Manager
   - Sara Lima, Assistant General Counsel

3. Conference with Legal Counsel – Anticipated Litigation
   California Government Code Section 54956.9(d)
   - Casey Hashimoto, General Manager
   - Art Godwin, Legal Counsel

4. Conference with Legal Counsel – Anticipated Litigation
   California Government Code Section 54956.9(d)
   - Tou Her, AGM Water Resources
   - Art Godwin, Legal Counsel

All voted in favor with none opposed. The President declared the motion carried.
REPORT OF ACTION TAKEN IN CLOSED SESSION

The President announced there was no reportable action taken in closed session.

MOTION TO ADJOURN

Moved by Director Santos, seconded by Director Macedo, that the regular meeting of the Board of Directors be adjourned.

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

Tami Wallenburg
Executive Secretary to the Board of Directors