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

Turlock, California
17 April 2018

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 17th day of April 2018. Present were: Directors Charles Fernandes (President), Rob Santos (Vice-President), Michael Frantz (Secretary), Joe Alamo 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 Santos, seconded by Director Alamo, that the consent calendar consisting of the following be approved:

A. Minutes of the regular meeting of April 10, 2018.
B. Demands against the District represented by check numbers 372781 to 373040, inclusive, in the amount of $13,744,587.38.

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

PUBLIC COMMENT PERIOD

There was none.

WEEKLY UPDATES

Line Division Manager Denver Hodges presented the report for the Electrical Engineering and Line Department for the month of March. The SAIDI (System Average Interruption Duration Index) year-to-date figure is 11.3. (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 2.4 minutes. Major outage contributors in March show Third Party Damage (car/pole accidents, etc.) at 15 percent, animals at 9 percent, weather at 12 percent and unknown causes at 53 percent. Approximately 68 customer requests were received through Electrical Engineering of which 51 were sent to the Line Department for completion. Construction lead time in March was 1 week, with one contracted crew for the month. The crew structure consisted of three 6-person crews, one 3-person crew, one 4-person contract crew and one 5-person crew.

Energy Trader Wes Kellison reviewed operations for the week of April 6-12. The daily system peak, including partial required sales, reached 301.4 megawatts on April 10. The load was
met with TID Hydro, thermal generation, short and long-term firm, renewables and spot purchases. Total renewables of TID retail energy sales plus losses were at 39 percent. The Tuolumne Wind Project (TWP) generated 11,300 MWh’s during this time period at the Willis Substation. Natural gas prices at Pacific Gas & Electric Company’s Citygate were $2.62/mmBTU. Electric operations for this period show Walnut Energy Center was fully available with Unit 2 offline for economics; Boardman has been out of service since October 28; Almond ran two days for economics due to limited COI; and Don Pedro Unit 2 was back online.

Chief Hydrologist Wes Monier 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 29.27 inches, or 90 percent of normal to date. Snow sensors in the Tuolumne River forecast are 45.7 percent of average to date. Computed natural flow is averaging 5,724 cfs. San Francisco reservoirs contain 423,203 acre-feet. Don Pedro contains 1,834,296 acre-feet and is currently at 814.3 feet elevation, slightly into the encroachment level. Forecasts show only an inch of rain coming in through the next 16 days.

Water Distribution Department Manager Mike Kavarian reviewed irrigation activity for the period of April 9-15. Water orders taken during this period totaled 296 with an additional 221 orders received the previous day. Activity for this period show flows ranged between 650 and 600 cfs. Daily releases from Turlock Lake averaged at 621 cfs, 219 cfs below projections. Mr. Kavarian noted that a small amount of rain is expected the next day but with temperatures rising over the next week, staff expects water orders to increase over the next few weeks. Pump contracts are being turned in though staff does not anticipate running the pumps except on an as-needed basis.

MOTION APPROVING AND ACCEPTING 2017 CONSULTING ENGINEER’S REPORT

Moved by Director Frantz, seconded by Director Santos, that the 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 2017, and recommendations for future operations that may be deemed necessary or appropriate is hereby approved and accepted.

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

MOTION ACCEPTING TREASURER’S REPORT ON TURLOCK IRRIGATION DISTRICT’S INVESTMENT PORTFOLIO AND SUMMARY OF INVESTMENT ACTIVITY

Moved by Director Macedo, seconded by Director Santos, that the Investment Portfolio dated March 31, 2018 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 Brian Stubbert, 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.

All voted in favor with none opposed. The President declared the motion carried.
Pricewaterhouse Cooper representatives Joan Murphy and Steven Krump presented the District’s audited financial statements through December 2017. In accordance with the GASB accounting rules which govern regulatory accounting, the Board has taken various regulatory actions for ratemaking purposes that result in the deferral of revenue or expense recognition. At December 31, 2017 and 2016 TID had total regulatory assets of $58.3 million and $60.8 million, respectively, and total regulatory credits of $95.1 million and $113.5 million, respectively. The regulatory credits are recognized in the statement of revenues, expenses and changes in net position when the Board concludes that they should be used for ratemaking purposes. The District has two component units, the Walnut Energy Center Authority (WECA) and the Tuolumne Wind Project Authority (TWPA), both of which were formed for the purposes of developing and operating generation facilities for the District’s use. WECA operates a 250 MW natural gas fueled generation facility located in TID’s service territory. TWPA has a membership interest in a 136.6 MW wind farm, consisting of 62 wind-turbine generators located in Klickitat County, Washington. Although WECA and TWPA are separate legal entities from TID, they are reported as part of TID because of the extent of their operational and financial relationships with TID. Accordingly, all operations of these component units are consolidated into TID’s financial statements.

Ms. Murphy and Mr. Krump noted no irregularities or instances of fraud or illegal acts during the course of the PwC audit. They also did not identify any significant or unusual transactions. PwC reviewed supporting evidence for accounting estimates recorded by TID management including the allowance for bad debt, fair value of investments, gas field depletion and impairment assessment, pension expense, OPEB expense, self-insurance and unbilled retail account receivables. Based on the results of these procedures, PWC concluded the management’s estimates and judgments were acceptable and were determined using consistent processes in accordance with established policies. PwC staff noted the audit was completed on time and as planned, requiring a high level of effort and commitment by both TID and PwC. They expressed appreciation for the diligence, support and professionalism of TID staff and management.

MOTION APPROVING AND ORDERING PUBLICATION OF FINANCIAL CONDITION

Moved by Director Alamo, seconded by Director Santos, to approve and verify, pursuant to Water Code Section 24274, the Financial Report for the Twelve Months Ended December 31, 2017 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.

MOTION CANCELING THE TURLOCK IRRIGATION DISTRICT REGULAR BOARD MEETINGS OF APRIL 24 AND MAY 1, 2018

Moved by Director Macedo, seconded by Director Santos, that the regular meetings of the Board of Directors of the Turlock Irrigation District scheduled for April 24 and May 1, 2018, be canceled.

All voted in favor with none opposed. The President declared the motion carried.
RESOLUTION NO. 2018 - 17

RESOLUTION DELEGATING AUTHORITY TO APPROVE PAYMENT OF TURLOCK IRRIGATION DISTRICT WARRANTS FROM APRIL 18 THROUGH MAY 1, 2018

WHEREAS, because the Board of Directors will not hold its regular meetings on April 24 and May 1, 2018; and

WHEREAS, Water Code Section 24600 states “No claim shall be paid by the treasurer until allowed by the board, and only upon a warrant signed by the president and countersigned by the secretary”; and

WHEREAS, it is in the best interests of the District that the District pay vendors in a timely manner.

NOW, THEREFORE BE IT HEREBY RESOLVED by the Board of Directors of the Turlock Irrigation District as follows:

1. For the period of April 18 through May 1, 2018 only, the Board of Directors delegates to the President and Vice President of the District’s Board of Directors and either of them, the authority to approve claims under Water Code Section 24600 for payment.

2. At the Board of Directors’ regular meeting on May 8, 2018, the Treasurer or the Accounting Department Manager shall report to the Board all claims paid during that period pursuant to this resolution.

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

Upon roll call the following vote was had:

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

The President declared the resolution adopted.

GENERAL MANAGER’S REPORT

General Manager Casey Hashimoto had no items to report.

BUSINESS OF THE BOARD

Director Macedo reported on the Don Pedro Board of Control special meeting he attended the previous week. The new concessionaire, Suntex, is proposing an increase in rates to help cover the $2 million they have spent in upgrades at the marina. The Board of Control members previously
asked for several comparables from the concessionaires but what was submitted were not complete so the Board tabled the action until all comparables were in before making a decision on the proposed rate increases. He also noted that the proposed rate increase only has to do with the marina and not campsite fees. Director Macedo also commended DPRA Department Manager Chris Collett for the great job he has done with the transitioning of the new concessionaires.

**MOTION TO ADJOURN TO CLOSED SESSION**

Moved by Director Frantz, seconded by Director Macedo, 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
   - 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 no reportable action was taken in closed session.

**MOTION TO ADJOURN**

Moved by Director Alamo, seconded by Director Frantz, 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