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

Turlock, California
10 September 2019

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 10th day of August 2019. Present were: Directors Charles Fernandes (President), Rob Santos (Vice-President), Michael Frantz (Secretary), Joe Alamo and Ron Macedo, and Executive Secretary to the Board Tami Wallenburg. Absent was: General Manager Casey Hashimoto.

SALUTE TO THE FLAG

MOTION APPROVING CONSENT CALENDAR

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

A. Minutes of the regular meeting of August 27, 2019.
B. Demands against the District represented by check numbers 386562 to 386865, inclusive, in the amount of $8,242,143.50.

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

PUBLIC COMMENT PERIOD

There was none.

WEEKLY UPDATES

Energy Trader Wes Kellison reviewed operations for the month of July. The daily system peak, including partial required sales, reached 615 megawatts on July 22. The load was met with TID hydro, thermal generation, wind exchange, short and long-term firm, renewables and spot purchases. The Tuolumne Wind Project (TWP) generated 46,939 MWh’s during the month of July at the Willis Substation, averaging at 46 percent of capacity. Natural gas prices at Pacific Gas & Electric Company’s Citygate averaged out at $2.54/mmBTU. The Walnut Energy Center generated 105,272 MWh for the month of July for a daily average of 3,396 MWh. Mr. Kellison also reviewed Powerdex pricing for the month of July using the hour-ahead market index and CAISO’s day-ahead and hour-ahead market selling prices. Electric operations for this period show all of Walnut Energy Center was offline through July 9 for economics; Almond was online for 29 days (multiple units online 15 days for operations and economics); Don Pedro Units 1 and 2 were online the entire month, and Unit 4 is scheduled to return to service by early December; Walnut GT #2 ran July 29 for three hours due to COI derate, and COI limited to 0 MW July 28-30 due to fire.
Water Distribution Department Manager Mike Kavarian reviewed a summary of irrigation activity for the month of August and the period of September 2-8. Water orders in August totaled 9,731 for the month with Turlock Lake releases at 83,177 af year-to-date, or 1,823 acre-feet below projections. For the period of September 2-6, there were 1,896 orders for water with an additional 331 orders the previous day. Flows ranged between 1,225 to 920 cfs. Total water requests by day of the week show Monday remaining the highest day for orders during this period. Average daily releases through Turlock Lake for this period were 1,104 cfs, or 264 cfs above projections. Staff continues to study customer irrigation methods to determine if there are ways to improve utilization of the canal system.

MOTION ADJOURNING FOR A MEETING OF THE WALNUT ENERGY CENTER AUTHORITY

Moved by Director Macedo, seconded by Director Frantz, that the regular meeting be adjourned for a meeting of the Walnut Energy Center Authority.

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

RECONVENED – TID BOARD MEETING

The regular meeting of the Board of Directors of the Turlock Irrigation District was reconvened at 9:18 a.m. with all officers present as per the previous session.

DISCUSSION REGARDING REVENUE REFUNDING BONDS

CFO/AGM Financial Services Brian Stubbert presented an overview of the proposed action regarding the Revenue Refunding Bond. He was accompanied by PFM Managing Director Dennis Waley, Bond Counsel Attorney Doug Brown of Stradling, Yocca, Carlson & Rauth, and Joseph Nicoli of Goldman Sachs. Mr. Stubbert stated that today’s proposed action is an acknowledgment of the cost of issuance and also ratifications to a previously adopted resolution. Hearing no further comments, the Board then took the following actions:

RESOLUTION NO. 2019 - 50

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $145,000,000 AGGREGATE PRINCIPAL AMOUNT OF TURLOCK IRRIGATION DISTRICT REVENUE REFUNDING BONDS, AND AUTHORIZING AND APPROVING FORMS, AND THE EXECUTION AND DELIVERY, OF A TRUST AGREEMENT, A FORWARD PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE AGREEMENT RELATING TO SAID BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THEREETO

WHEREAS, the Board of Directors (the “Board”) of the Turlock Irrigation District (the “District”) adopted its Revenue Bond Resolution (No. 86-164) on May 20, 1986, as amended and
supplemented (the “Revenue Bond Resolution”) pursuant to which the District has issued Revenue Bonds (as defined therein); and

WHEREAS, the Revenue Bond Resolution provides for the issuance and incurrence of First Priority Subordinated Obligations (the “First Priority Subordinated Obligations”) for any lawful purpose of the System (as such term is defined in the Master Resolution defined in the following paragraph) with a lien on Revenues (as defined in the Master Resolution) of the District junior and subordinate to the lien of the Revenue Bonds; and

WHEREAS, the Board adopted its First Priority Subordinated Resolution (Resolution No. 96-20) on February 27, 1996 (as it may be amended and supplemented in accordance with its terms, the “Master Resolution”) to establish covenants and other provisions with respect to First Priority Subordinated Obligations payable from Available Revenues (as defined therein) thereafter issued or incurred from time to time; and

WHEREAS, pursuant to the Master Resolution, the District previously issued its First Priority Subordinated Revenue Refunding Bonds, Series 2011, in the aggregate principal amount of $206,940,000 of which $186,190,000 aggregate principal amount remain outstanding (the “2011 Bonds”); and

WHEREAS, the District now desires to authorize the refunding of the 2011 Bonds from proceeds of its First Priority Subordinated Obligations if and to the extent that debt service savings can be realized as a result thereof; and

WHEREAS, pursuant to Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of, Title 5, constituting Section 53570 and following, of the Government Code of the State of California, the District is authorized to issue First Priority Subordinated Obligations to refund the 2011 Bonds; and

WHEREAS, the Board has found and determined it to be in the best interests of the District to issue the Turlock Irrigation District Revenue Refunding Bonds, Series 2020 (the “2020 Bonds”), as First Priority Subordinated Obligations, the proceeds of which will be used to pay the principal amount of, or defease, the 2011 Bonds (the “Refunding”) and to pay for costs of issuance incurred in connection with the issuance of the 2020 Bonds approved herein; and

WHEREAS, in order to accomplish the Refunding, it is necessary that the District enter into certain agreements, hereinafter more particularly described, and that certain other actions be taken and authorized; and

WHEREAS, there has been prepared and submitted to this meeting the form of a Trust Agreement (the “Trust Agreement”) to be executed and delivered by the District in connection with the issuance of the 2020 Bonds; and

WHEREAS, in order to set forth the terms of sale of the 2020 Bonds, the District will enter into a forward delivery purchase contract (the “Forward Purchase Contract”) with the underwriters named therein (collectively, the “Underwriters”), the form of which has been prepared and submitted to this meeting; and
WHEREAS, there has been prepared and submitted to this meeting the preliminary form of an Official Statement to be distributed in connection with the offering and sale of the 2019 Bonds (as defined in the Trust Agreement) and the 2020 Bonds (the “Preliminary Official Statement”); and

WHEREAS, there has been prepared and submitted to this meeting the form of a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to be executed and delivered by the District to assist the Underwriters in satisfying their obligations under Rule 15c2-12 promulgated by the Securities and Exchange Commission; and

WHEREAS, the 2020 Bonds will be issued as fixed rate revenue refunding bonds with a final maturity date not later than January 1, 2041; and

WHEREAS, all General Obligation Bonds (as defined in the Revenue Bond Resolution) issued pursuant to the Revenue Bond Resolution have been discharged; and

WHEREAS, only the 2010A Bonds (as defined in the Trust Agreement) are outstanding under the Revenue Bond Resolution and, upon the defeasance of the 2010A Bonds which has been previously authorized by the Board, the Revenue Bond Resolution will be discharged pursuant to its terms; and

WHEREAS, the Board now desires to authorize and approve the form and the execution and delivery of the documents described in these recitals and the performance of such acts as may be necessary or desirable in connection with the execution and delivery of, and, in the case of the Official Statement in preliminary and final form, the preparation and distribution of, such documents;

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

Section 1. That all of the recitals herein contained are true and correct and the Board so finds.

Section 2. That the issuance of not to exceed $145,000,000 aggregate principal amount of Turlock Irrigation District Revenue Refunding Bonds, Series 2020 in order to pay the principal amount of, or defease, the 2011 Bonds (provided, that the refunding of the 2011 Bonds results in present value savings as determined by the Chief Financial Officer/Assistant General Manager, Financial Services, of the District), and to pay costs of issuance incurred in connection with the issuance of the 2020 Bonds be and the same is hereby approved. The date of issuance (not later than December 31, 2020), maturity date (not later than January 1, 2041), interest rates (not to exceed a maximum with respect to any bond of 5% per annum), interest payment dates, forms, manner of execution, registration privileges, place or places of payment, terms of redemption, and other terms of the 2020 Bonds shall be (subject to the foregoing limitations) as provided in the Trust Agreement as finally executed and delivered.

Section 3. That the Trust Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any one of the President or Vice President of the Board, the General Manager or the Chief Financial Officer/Assistant General Manager, Financial Services of the District, acting singly (each an
“Authorized Officer”), are each hereby authorized to execute and deliver, after consultation with District Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel (“Bond Counsel”), the Trust Agreement in the form presented to this meeting, with such changes, insertions and deletions as may be approved by the Authorized Officer executing said Trust Agreement, subject to the limitations set forth in Section 2, said execution being conclusive evidence of such approval.

Section 4. That the Forward Purchase Contract, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer is hereby authorized to execute and deliver, after consultation with District Counsel or Bond Counsel, the Forward Purchase Contract in the form presented to this meeting, with such changes, insertions and deletions as may be approved by the Authorized Officer executing said Forward Purchase Contract (subject to the limitations contained in this Resolution), said execution being conclusive evidence of such approval; provided, that the underwriting discount (excluding any original issue discount or premium) shall not exceed one half of one percent (0.5%) of the aggregate principal amount of the 2020 Bonds.

Section 5. The preparation and distribution of the Preliminary Official Statement for the 2019 Bonds and the 2020 Bonds, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer is hereby authorized to make such changes, insertions and omissions as may be recommended by District Counsel or Bond Counsel and to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement. Upon execution of such certificate, the Underwriters are hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the 2019 Bonds or 2020 Bonds. Each Authorized Officer is hereby authorized and directed to execute, approve and deliver the Official Statement in the form of the Preliminary Official Statement which, upon execution is made a part hereof as though set forth in full herein, with such changes, insertions and omissions as may be recommended by District Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval. The Underwriters are directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2019 Bonds and 2020 Bonds.

Section 6. That the Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, is hereby approved. Any Authorized Officer is hereby authorized to execute and deliver, after consultation with District Counsel or Bond Counsel, the Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and deletions as may be approved by the Authorized Officer executing said Continuing Disclosure Agreement, said execution being conclusive evidence of such approval.

Section 7. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code with respect to the 2019 Bonds and the 2020 Bonds are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

Section 8. That any Authorized Officer shall be, and each of them hereby is, authorized to execute and deliver any and all documents, agreements, certificates and instruments, including, without limitation, signature certificates, no-litigation certificates, tax certificates, certificates
concerning the contents of the Official Statement and the representations and closing conditions in the Forward Purchase Contract, letters of representation relating to book-entry registration, any insurance commitments or any agreements required in connection with obtaining a policy of municipal bond insurance or a reserve fund surety or insurance policy, any agreements required in connection with the issuance or administration of the 2020 Bonds and any escrow agreements or escrow instructions required in connection with the Refunding, and to do and cause to be done any and all acts and things necessary or convenient to carry out the purposes and intent of this Resolution.

**Section 9.** That any member of the Board and any Authorized Officer shall be, and each of them hereby is, authorized to give or receive all approvals, consents, directions, instructions, notices, orders, requests, indemnifications and other actions permitted or required by any of the documents authorized by this Resolution or as permitted or required to effect the Refunding, or any investment of proceeds of the 2020 Bonds or obtaining a policy of municipal bond insurance or a reserve fund surety or insurance policy with respect to the 2020 Bonds, and to take any such action that such authorized representative, with the advice of District Counsel or Bond Counsel, may deem necessary or desirable to further the purposes of this Resolution.

**Section 10.** Resolution No. 2019-46 (the “Prior Resolution”) remains in force and effect except as modified by Section 5 and 7 hereof. The Board hereby reapproves the Prior Resolution except as so modified.

**Section 11.** That all actions heretofore taken by the officers, employees and agents of the District in connection with the matters authorized by this Resolution are hereby ratified, approved and confirmed.

**Section 12.** That this Resolution shall take effect from and after its adoption.

Moved by Director Alamo, seconded by Director Frantz, 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.

**MOTION CANCELING THE TURLOCK IRRIGATION DISTRICT REGULAR BOARD MEETING OF SEPTEMBER 17, 2019**

Moved by Director Alamo, seconded by Director Santos, that the regular meeting of the Board of Directors of the Turlock Irrigation District scheduled for September 17, 2019, be canceled for lack of a quorum.

All voted in favor with none opposed. The President declared the motion carried.
RESOLUTION NO. 2019 - 51

RESOLUTION DELEGATING AUTHORITY TO APPROVE PAYMENT OF TURLOCK IRRIGATION DISTRICT WARRANTS FROM SEPTEMBER 11 THROUGH SEPTEMBER 17, 2019

WHEREAS, because the Board of Directors will not hold its regular meeting on September 17, 2019; 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 September 11 through September 17, 2019 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 September 24, 2019, 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.

BUSINESS OF THE BOARD

Director Alamo reported that he and Director Frantz attended the District’s Pension and Investment Committee meeting the previous day. Committee members reviewed the second quarter update.
Director Alamo also reported he was notified that City of Turlock Interim City Manager Michael Cooke is temporarily unable to serve as chair of the Technical Advisory Committee for the West Turlock Subbasin Groundwater Sustainability Agency due to this interim role with the city.

2020 CAPITAL BUDGET WORKSHOP

CFO/AGM Financial Services Brian Stubbert presented a workshop on the proposed 2020 Capital budget for each administration. The General Manager’s Administration budget is proposed at $2.05 million with large expense items being $2.0 million for the Don Pedro Relicensing and $50,000 for the Contingency Plan.

The Financial Services Administration proposed capital budget is $8.2 million which includes large cost items of $4.1 million on the replacement of the Customer Information System (C2M), approximately $700,000 for network infrastructure, $1.3 million for replacement of vehicles and modifications, and $1.2 million on the Emergency Management System replacement.

Water Resources Assistant General Manager Tou Her reviewed the Water Resources Administration proposed capital budget of $6.6 million which includes several capital budget items slated for 2020 which includes large cost items of $2.2 million for irrigation capital, $1.4 million on the joint domestic water project, $1.0 million for rehabilitation of the Turlock Lake dam, $550,000 for work to the Harding/Nielson Drains and Levee/Fish Screen, and $500,000 for the Lateral 1 UPRR Siphon rehabilitation.

Electrical Engineering and Operations Assistant General Manager Manjot Gill reviewed the projected capital budget at $19.4 million which includes numerous large projects such as $3.5 million for the upgrade to the transmission and distribution lines (EOL), $2.7 million for Energy Imbalance Market implementation, $2.4 million for routine expansion services, $1.8 for routine expansion transformers, $1.1 for routine expansion for transmission and distribution, $1.2 million for underground cable replacement, $1.2 million for pole testing and replacement, and $1.8 million for the Fairground/College/Geer 69kV line Recondor.

Power Supply Assistant General Manager Brad Koehn reviewed the proposed capital budget for the Power Supply Administration, which includes all external generation facilities, projected at $5.9 million with $2.1 million going to a major inspection and overhaul of the Walnut Energy Center (WEC) Unit 2, $600,000 Barnett Natural Gas Reserves and $600,000 for Pinedale Gas Reserves, $500,000 for Almond Power Plant HRSG rehabilitation, $250,000 for the La Grange Tailrace and Sluice Gate Channel Improvements, and $500,000 for a 34.5 kV transformer replacement at the Tuolumne Wind Project. The proposed Don Pedro capital budget projects a $16.8 million capital budget with $12.4 million slated for the Don Pedro Life Extension project (balance of plant) and $2.0 million for Don Pedro Life Extension-Generation, $1.2 million for the La Grange Water Treatment Plant Raw Water Pump Station, and $810,000 for the Don Pedro Cavitation Repair. The Don Pedro Recreation Agency capital budget is projected at $5.1 million, with major items being $3.7 million for the DPRA Visitor’s Center, $1.0 million allotted for the swimming lagoon filter replacement and $188,000 for roadwork.
Mr. Stubbert also requested direction from the Board regarding the recent transaction of converting $100,000,000 on the commercial paper line to long term debt. He stated the District needs to decide if the remaining bond financed capital from the 2019 Budget should remain bond financed capital, or be converted to revenue financed capital. The Board provided direction to staff to return in the spring for further discussion, once the final 2019 capital numbers were known. Mr. Stubbert also wished to thank accounting staff including Accounting Department Manager Martin Qualle, Finance Manager Jesse Kirschner and Finance Reporting Manager Michael Vincent for their assistance through the budget process.

MOTION TO ADJOURN

Moved by Director Alamo, 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