

**TRI-DAM PROJECT
MINUTES OF THE JOINT BOARD
OF DIRECTORS REGULAR MEETING**

August 18, 2016
Manteca, California

The Joint Board of Directors of the Oakdale Irrigation District and the South San Joaquin Irrigation District met in joint session at the office of South San Joaquin Irrigation District located in Manteca, California on the above date for the purpose of conducting business of the TRI-DAM PROJECT, pursuant to the resolution adopted by each of the respective Districts on July 29, 1955.

The regular meeting was called to order at 9:02 a.m. by President Holmes.

OID DIRECTORS

SSJID DIRECTORS

DIRECTORS PRESENT:

STEVE WEBB
LINDA SANTOS
HERMAN DOORNENBAL
GARY OSMUNDSON

RALPH ROOS
BOB HOLMES
JOHN HOLBROOK
DAVE KAMPER (*arrived at 9:27 am*)
DALE KUIL

DIRECTORS ABSENT:

GAIL ALTIERI

Also Present:

Ron Berry, General Manager and Secretary, Tri-Dam Project; Rick Dodge, Finance Manager, Tri-Dam Project; Susan Larson, License Compliance Coordinator, Tri-Dam Project; Genna Modrell, Finance Assistant, Tri-Dam Project; Tim Townsend, Operations Supervisor, Tri-Dam Project; Troy Hammerbeck, Interim Maintenance Supervisor, Tri-Dam Project; Bere Lindley, Assistant General Manager, SSJID; Peter Rietkerk, General Manager, SSJID; Valeria Kincaid, Counsel; Ken Robbins (*arrived at 9:35am*), Counsel; Steve Knell, General Manager, OID

Public Comment

No public comment.

ITEM #1 Review and approve minutes of the regular meeting

President Holmes presented the July 21, 2016 minutes of the Regular Board meeting. FM Dodge requested a change on item 8. It should have been 2017 instead of 2018. Director Roos moved to approve the July 21, 2016 minutes of the Regular Board meeting with the correction. The motion was seconded by Director Santos. The motion passed: OID 4-0; SSJID 5-0.

ITEM #2 Financial Matters

a) Review and Approve the Financial Statements

Finance Manager Dodge reviewed the July financial statements, noting net revenue of \$2.2 million for the month and \$18.9 million year to date. As discussed during the July meeting, Mr. Dodge also advised the Board that the recent management review of the Project's capital assets resulted in the removal of approximately \$1.0 million in obsolete or non-existent capital assets from the Project's accounting records. Mr. Dodge stressed that this is a non-cash accounting entry only, and that no physical assets have been sold or otherwise removed from the Project as a result of the review. The review also disclosed seven large assets with unreasonably long estimated useful lives. Adjusting the useful life estimates and corresponding life-to-date accumulated depreciation on these assets resulted in approximately \$615,000 in additional depreciation expense for the month.

b) Review Investment Portfolio and Reserve Fund Status

Finance Manager Dodge presented the monthly activity and securities held in each of the Project's reserve funds and responded to questions. Mr. Dodge also advised the Board that the Maintenance Reserve has been funded the semi-annual increase of \$750,000, less \$84,353, which represented the final payment on the Beardsley switchgear project.

c) Review and Approve the Statement of Obligations

Finance Manager Dodge reviewed the monthly statement of obligations and responded to questions.

Director Holbrook moved to approve the financial statements and statement of obligations. Director Webb seconded the motion. The motion passed: OID 4-0; SSJID 5-0.

ITEM #3 Review and possible approval of independent auditor for years ending 2016 through 2018.

Mr. Dodge presented the auditor RFP process and responding auditors' proposals. Mr. Dodge discussed Maze and Associates' strong references and favorable interview, in addition to discussing a restatement of another irrigation district's financial statements that were audited by Maze. Notwithstanding the restatement issue, staff recommended that Maze and Associates be awarded the engagement based the best combination of experience, depth of staff, and cost. SSJID Assistant GM Lindley commented that he also does not believe the restatement issue warrants disqualification of Maze, and confirmed that SSJID staff will also be recommending that their board appoint Maze to perform their audits for the same years. Director Webb requested that the contract include a termination provision to cancel the agreement after each year. Director Holbrook moved to appoint Maze and Associates as the Project's auditor for the years ending 2016, 2017, and 2018. Director Webb seconded the motion. The motion passed: OID 4-0; SSJID 5-0.

ITEM #4 Resolution TDP 2016-04 Sale of Surplus Property

GM Berry presented resolution TDP 2016-04 to sell a 2005 Chevy 2500 pickup truck by auction. Director Roos moved to approve Resolution 2016-04 as presented. Director Santos seconded the motion. The motion passed with a roll call vote: OID 4-0; SSJID 5-0.

ITEM #5 Purchase Authorizations

- a. 2016.08.01 Replacement dock at Tulloch South Shore

Compliance Coordinator Larson presented authorization 2016.08.01 and answered Director questions.

Director Webb moved to approve PA 2016.08.01 as presented. Director Holbrook seconded the motion. The motion passed: OID 4-0; SSJID 5-0.

- b. 2016.08.02 Line breaker repairs at Tulloch

Interim Maintenance Supervisor Hammerbeck presented authorization 2016.08.02 and answered Director questions.

Director Webb moved to approve PA 2016.08.02 as presented. Director Kuil seconded the motion. The motion passed: OID 4-0; SSJID 5-0.

ITEM #6 Status update on New Melones operations for 2016

Counsel Kincaid advised that September end-of-month storage should be at least 415,000 acre feet and that the Districts should be able to easily meet fall pulse flow requirements.

SSJID GM Rietkerk advised that the District has increased allocations for 2016 as a result of the projected September end-of-month storage. He also questioned whether Donnell's and Beardsley generation should be curtailed to maximize upper-works storage going into the new water year. In response, GM Berry advised of upcoming PG&E line work and annual maintenance outages that will significantly curtail operations during the fourth quarter. Accordingly, he believes Tri-Dam should continue with normal year operations and generation through September 30th.

ITEM #7 Staff Reports

In addition to the written reports, GM Berry advised that the Donnell's transformer RFP has been sent out and two potential bidders have already made site visits.

GM Berry also advised that FERC staff will be visiting August 23rd through the 26th for annual environmental inspections.

ITEM #8 Generation Report

No discussion.

ITEM #9 FishBio

No discussion.

Recess to Tri-Dam Power Authority

Director Webb moved to recess to the Tri-Dam Power Authority Board of Commissioners Meeting at 10:13 a.m. Director Holbrook seconded the motion. The motion passed: OID 4-0; SSJID 5-0.

The Project meeting resumed at 10:24 a.m.

ITEM #10 Closed Session

GM Berry, with advice from Counsel Kincaid, announced before closed session that the following items b, c, and d would be discussed:

- 10. a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 - 1 case
- b. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of Section 54956.9 - 1 case
1. Tri-Dam Project v. Yick
- c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to 54656.8
Property: 28217 Tanager Dr., Strawberry, CA
APN's 024-222-001 and 024-222-002
Agency Negotiator: Compliance Coordinator, General Manager
Negotiating Parties: Tri-Dam Project, Strawberry Fire District
Under Negotiation: Price and terms of payment of sale
- d. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Section 54956.8
Property: Water
Agency Negotiator: General Manager
Negotiating Parties: Tri-Dam Project and California Asbestos Monofill
Under Negotiation: Water Transfer Price and Terms

President Holmes announced out of closed session that the Board agreed to 1) sell the real property located at 28217 Tanager Drive for the price of \$40,000 (item c), and 2) increase the amount of water available to California Asbestos Monofill to 150 acre feet a year at the price of \$225 per acre foot, adjusted for inflation (item d).

ITEM #11 Director Comments

Director Holbrook commented that the new lighting and newly painted spill gates at Donnells look great.

Adjournment

Director Holbrook moved to adjourn the Tri-Dam Project regular meeting. Director Doornenbal seconded the motion. The motion passed: OID 4-0; SSJID 5-0. President Holmes adjourned the Tri-Dam Project Board of Directors meeting at 11:06 a.m.

The next Regular Board meeting is scheduled for September 15, 2016, at Oakdale Irrigation District in Oakdale, California beginning at 9:00 a.m.

ATTEST:

Ron Berry
Secretary, Tri-Dam Project