

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

April 21, 2011  
Oakdale, 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 the Oakdale Irrigation District located in Oakdale, 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 9:00 A.M. by Director Bairos.

**OID DIRECTORS**

**SSJID DIRECTORS**

***DIRECTORS PRESENT:***

JACK ALPERS  
FRANK CLARK  
HERMAN DOORNENBAL  
STEVE WEBB  
AL BAIROS, JR.

RALPH ROOS  
JOHN HOLBROOK  
BOB HOLMES  
DAVE KAMPER  
DALE KUIL

***DIRECTORS ABSENT:***

***ALSO PRESENT:***

Dan Pope, General Manager and Secretary, Tri-Dam Project; Summer Nicotero, CFO, Tri Dam; Steve Knell, General Manager, OID; Jeff Shields, General Manager, SSJID; Bere Lindley, CFO, SSJID; Steve Emrick, General Counsel, SSJID; Tim O’Laughlin, Counsel, OID; Genna Modrell, Financial Assistant, Tri-Dam Project.

***PUBLIC COMMENT***

Ms. Stephanie Moreno, who spoke on behalf of Ms. Bernadette Cattaneo of Lake Tulloch Resort, informed the board regarding an email sent to GM Dan Pope on April 8, 2011 requesting to be contacted by Tri Dam staff after the March 17, 2011 Board meeting. Staff had not yet contacted her to schedule a meeting.

***DIRECTOR COMMENTS***

Director Holbrook requested an agenda item be included in the next regular Board meeting to update the board on the current activities for SSJID’s electric retail initiative.

***ITEM #1 REVIEW and APPROVE MINUTES***

Director Bairos presented the March 17, 2011 Minutes of the Regular Board meeting. Director Holbrook moved to approve the March 17, 2011 Minutes of the Regular Board meeting of the Joint Board of Directors as presented. The motion was seconded by Director Webb. The motion passed unanimously.

**ITEM #2 RECEIVE, REVIEW, and APPROVE THE 2010 FINANCIAL REPORT -  
RICHARDSON & CO.**

Brian Nash of Richardson & Co. reported only one significant deficiency that fixed assets had not been reconciled in past years. Fixed assets were recorded properly and reconciled prior to the conclusion of the audit.

In addition, Mr. Nash provided recommendations to the Project in regard to current operations. Those recommendations included considering hiring a power expert to review the power generation revenue provided in the Shell Energy contract to ensure the Project is receiving its fair share of power revenues under the contract.

A closing entry checklist was recommended to facilitate the year-end closing process.

In addition, the Project should consider creating policies and procedures that will provide a framework for employees. It is understood that this will be a significant undertaking that may take several years to complete.

Brian also noted strong internal controls, and appropriate separation of duties considering the small size of staff.

A motion was made by Director Kuil to accept and approve the 2010 independent financial auditor's report by Richardson and Company and annual financial statement. The motion was seconded by Director Webb. The motion passed unanimously.

**ITEM #3 FINANCIAL MATTERS**

**a) Review and Approve the Financial Statements &**

**b) Review and Approve the Statement of Obligations**

CFO Nicotero reviewed the new formatted financial statement reports and the statement of obligations with the directors and responded to questions. CFO Nicotero stated she is continuing to improve the format and information contained in the new reports.

Director Clark inquired regarding the retained earnings balance. CFO Nicotero explained the definition of retained earnings to the Board.

Director Doornenbal questioned last month's fuel charges. GM Pope explained primarily the higher costs were due to increased snow plowing operations as a result of the heavy winter conditions experienced at the Project and the extended use of the back-up diesel generator at Tulloch Powerhouse during the transformer replacement outage. Staff will follow up with details to the directors.

Director Holbrook moved to approve the financial statements. The motion was seconded by Director Doornenbal. The motion passed unanimously.

**c) Review and Approve Quarterly Investment Report**

CFO Nicotero reviewed the quarterly investment report with the Directors. CFO Nicotero stated the investment fees by Highmark had been previously reduced and she would investigate possible further reductions with Highmark.

**d) Project Response to Auditor Management Letter**

CFO Nicotero briefed the Board on Tri Dam Management's response to the independent financial auditor's annual report and findings.

GM Pope stated a work plan addressing the auditor's findings and recommendations would be presented to the Board at a future meeting.

**e) Review and Approve Issuance of New Credit Cards**

CFO Nicotero stated this item was one identified in the auditor's findings and recommendations and was included in the agenda this meeting to discuss with the Board. The Board directed staff to draft a credit card usage policy and submit to the Advisory Committee for review. Tri Dam staff will review OID and SSJID policies when developing the new Tri Dam policy.

**ITEM #4 REPORT OF TULLOCH 3<sup>RD</sup> UNIT**

**a) Review and Discussion of MWH Progress Report**

Mr. Geoff McCavitt with MWH reviewed the monthly progress report with the directors. He reviewed the month's project construction progress, activities and costs expended to date. He stated since the completion of the Water Exclusion Device (WED) and excavation of the rock wall was complete any remaining costs accrued in change order number 2 would be related to the removal of the cofferdam. Mr. McCavitt reviewed change order number 8 and explained the additional rock bolting in the excavation was required beyond the estimated amount in the contract. Mr. McCavitt briefed the Board on the occurrence of the diesel fuel spill at the construction site and the measures employed to perform the clean up and continued monitoring.

**b) Review and Discussion of Ewing Construction Services (ECS) Report**

Mr. Dave Ewing reviewed the highlights of his monthly report. He continues to provide critical review the contractor's monthly schedule submittals and provide recommendations to MWH. He stated the current contractor schedule submittal is aggressive, however, doable at this point. ECS subcontractor, Cascade Engineering, provided technical and environmental support to MWH with regard to the diesel fuel spill.

**ITEM #5 SHELL ENERGY PRESENTATION**

Mr. Vince Velasquez with Shell Energy North America provided an informational handout to the Board concerning 2010 and 2011 energy market performance. He briefed the Board on the overall 2010 revenue from Tri Dam generation and the expected market influences on energy prices in 2011. Mr. Velasquez provided a brief explanation of Shell's process for scheduling and marketing generation from Tri Dam in its market pool. The Board requested Shell investigate and determine the possibility of having Tri Dam generation marketed in its own pool.

**ITEM #6 PRESENTATION by TIM O'LAUGHLIN on STATE WATER RESOURCES CONTROL BOARD BASIN PLAN, VERNALIS ADAPTIVE MANAGEMENT PLAN EXTENSION, US ENVIRONMENTAL PROTECTION AGENCY RULE MAKING, OCAP-BIOLOGICAL OPINION, and OTHER RELATED MATTERS.**

Mr. O'Laughlin informed the Board on the following issues:

- Extension of the Vernalis Adaptive Management Plan (VAMP) in 2011 has been approved. San Joaquin River Group Authority (SJRGA) is working on a potential 3 year extension beginning in 2012.
- A great deal of effort is being made concerning the State Water Resources Control Board (SWRCB) Basin Plan Amendment. The SWRCB is planning

- implementing the Basin Plan by 2020.
- Discussed the impacts to New Melones reservoir beginning in 2012 if a new VAMP is not agreed to.
- Bay-Delta Issues, Bay-Delta Conservation Plan (BDCP), and the peripheral canal

#### ***ITEM #7 REVIEW OF FISHERIES STUDIES ON THE LOWER STANISLAUS RIVER***

GM Pope briefly reviewed the March report submitted by FISHBIO and responded to director's questions. Doug Demko of FISHBIO will be scheduled for a subsequent future meeting for an in depth review.

#### ***ITEM #8 REVIEW and APPROVE US FOREST SERVICE COLLECTION AGREEMENT for RECREATION IMPROVEMENTS***

GM Pope gave a brief overview of the process to develop the proposed collection with the U.S. Forest Service for the recreation facility improvements at Beardsley Reservoir required by the Federal Energy Regulatory Commission (FERC) license. Present with the US Forest Service (USFS) were Karen Caldwell, Summit District Ranger, Mike Bradshaw, Forest Engineer, Kathy Burnett, Forest Resource Specialist, and Ray Cablayan, Construction Manager.

The Directors asked questions of the USFS regarding spreading out costs, cost control measures, quality control management, and contracting procedures.

GM Pope stated he would continue working with the USFS to address major issues of concern and return to the Board with a revised collection agreement.

#### ***ITEM #9 REVIEW AND APPROVE PURCHASE/CONTRACT AUTHORIZATIONS***

GM Pope reviewed the submitted purchase requests with the Board and responded to questions.

- a) **Item 2011-04-01 Generator Management Relay**
- b) **Item 2011-04-02 Roving Operator Truck**
- c) **Item 2011-04-03 License Compliance Review / Master Services Agreement**
- d) **Item 2011-04-04 Consulting Services Agreement with Ewing Construction – Amendment #3**
- e) **Item 2011-04-05 Grounding Equipment**
- f) **Retain Legal Counsel for Lake Tulloch permit enforcement issues**

Director Webb moved to approve. Director Kamper seconded the motion. All motions passed unanimously.

**ITEM #10 GENERATION AND POWER MARKETING REPORT**

GM Pope reported all generating units have been operating at capacity. The above average snowmelt run off continues to provide above average generation. Power prices are still negatively affected by low natural gas prices, above average supply of hydro, and lower than normal demand. Prices are expected to improve in early summer.

**ITEM #11 PROJECT STAFF REPORTS**

GM Pope provided a brief review of the staff reports and highlighted the reduction in workers compensation costs due to improved safety at the Project.

**ITEM #12 CLOSED SESSION**

No reportable action was taken

**ITEM #13 CLOSED SESSION ACTION**

The Tri Dam Project Board reported it had approved the following increases to annual employee compensation:

- Chief Financial Officer – 2%
- Maintenance Supervisor – 4%
- Financial Assistant - \$2.00 per hour

**ADJOURNMENT**

Director Bairos adjourned the meeting at 2:40 P.M.  
The next Regular Board meeting is scheduled for May 19, 2011 at the South San Joaquin Irrigation District Offices in Manteca, California.

ATTEST:

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Dan Pope  
Executive Secretary  
Tri-Dam Project