

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

August 21, 2014
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 9:04 A.M. by Chairman Webb.

OID DIRECTORS

SSJID DIRECTORS

DIRECTORS PRESENT:

FRANK CLARK
AL BAIROS, JR.
STEVE WEBB

BOB HOLMES
JOHN HOLBROOK
RALPH ROOS
DALE KUIL
DAVE KAMPER (*Arrived 9:08 am*)

DIRECTORS ABSENT:

JACK ALPERS, HERMAN DOORNENBAL

ALSO PRESENT:

Ron Berry, General Manager and Secretary, Tri-Dam Project; Jeff Shields, General Manager, SSJID; Bere Lindley, CFO, SSJID; Steve Knell, General Manager, OID; Rick Dodge, Finance Manager, Tri-Dam Project; Genna Modrell, Finance Asst., Tri-Dam Project; Tim Townsend, Operations Supervisor, Tri-Dam Project; Tim O'Laughlin, Counsel, OID; Susan Larson, License Compliance Coordinator, Tri-Dam Project; Dawn Ramsey, HDR.

PUBLIC COMMENT

None

ITEM #1 REVIEW AND APPROVE MINUTES OF THE REGULAR MEETING

Chairman Webb presented the July 17, 2014 minutes of the Regular Board meeting. Director Roos moved to approve the July 17, 2014 minutes of the Regular Board meeting. The motion was seconded by Director Clark. The motion passed 8-0.

ITEM #2 FINANCIAL MATTERS

a) Review and Approve the Financial Statements

Finance Manager Dodge reviewed the July financial statements. Mr. Dodge reported that cash and investments declined approximately \$2.5 million during July, primarily as a result of the semi-annual distributions to the Districts. Mr.

Dodge also discussed various revenue and expense accounts and noted that the Project recorded a profit of \$921,000 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 reminded the Board that, at his direction, the Project's investment manager, Highmark Capital Management, has not been investing excess cash for several months due to the discussion of a potential special distribution. Inasmuch as the Board determined in June to forego any special distribution at this time, Mr. Dodge stated that he would like to advise Highmark to again start to invest a portion the Project's reserve funds currently held in money market accounts, consistent with Highmark's current investment strategy and interest rate bias. All directors agreed to resume reinvestment of excess funds.

c) Review and Approve the Statement of Obligations

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

Director Clark moved to approve the financial statements and statement of obligations. Director Holbrook seconded the motion. The motion passed 8-0.

ITEM #3 APPROVE & POSSIBLE ACTION TO INVESTIGATE WATER RIGHTS FILINGS UPSTREAM OF GOODWIN

GM Knell reviewed the findings of his review of Stanislaus River water rights filings on the Department of Water Resources website. Mr. Knell provided an overview of the adjudicated water rights and the apparent inconsistencies of numerous filings in the upper Stanislaus Basin, including riparian rights that are being diverted to storage, claims that clearly pre-date any reasonable time period, and changes from the initial statement of use filings. GM Shields noted that the Stanislaus is one of the most over-allocated rivers in California and concurred with GM Knell that we need to request that the state water board review the inconsistent filings. Director Roos expressed concern that the Districts are performing a water board responsibility. Counsel O'Laughlin agreed with Director Roos' concern; however, he noted that enforcement is not being performed by the state and that he believes the Districts need to be diligent in protecting their water rights.

Director Clark moved to approve further investigation and, if necessary, pursue additional action with the State Water Resources Control Board. Director Kuil seconded the motion. The motion passed 8-0.

ITEM #4 APPROVE RESOLUTION TO CONDUCT SALE OF SURPLUS PROPERTY

GM Berry presented a list of items to surplus and explained that they were no longer necessary for Project purposes.

Director Roos moved to approve the list of surplus property. Director Clark seconded the motion. The motion passed 8-0.

ITEM #5 DISCUSSION OF STRAWBERRY FIRE DISTRICT PROPERTY

Lee Dempsey of the Strawberry Fire Protection District gave a presentation on the status of the fire district, including the difficulties encountered approximately 4 years ago. Mr. Dempsey discussed the progress made since that time, including mutual aid agreements, current training of the volunteers, grants awarded and other funding sources, and the purchase of a new engine. Mr. Dempsey reminded the Board that Tri-Dam owns the property on which the fire house is situated, and came to request that the Board consider donating the property to the fire district. He explained that a lot line adjustment will be necessary in order to construct a larger fire house to accommodate the new engine, and that deeding the property over to the fire district will relieve Tri-Dam of the administrative tasks necessary to complete the lot line adjustment.

In response, the Board declined the offer to donate the property, but agreed to instead execute a long term lease for one dollar (\$1.00) per year. Staff was directed to draft a lease agreement for the September 2014 regular board meeting.

ITEM #6 PRESENTATION OF HISTORIC PROPERTIES MANAGEMENT – DAWN RAMSEY, HDR

Dawn Ramsey of HDR, Inc. delivered a presentation of the cultural resources and historic properties management plans under which Tri-Dam is subject to under its FERC license. Ms. Ramsey discussed the projects that have been completed thus far for Tri-Dam, along with the upcoming projects that still need to be completed.

ITEM #7 DONNELLS UPRATE EVALUATION & TRANSFORMER REPLACEMENT

GM Berry updated the Board on the Donnellys uprate analysis being performed by Mead and Hunt. Mr. Berry advised that he and staff believe that the analysis should have first considered the transmission line capability, historical hydrology, and net present value expectations before engaging in the tasks thus far completed. Mr. Berry further stated that based upon the factors noted above, the uprate does not appear to provide significant economic benefit and that this portion of the project should therefore be suspended. Mr. Berry did, however, state that the transformer replacement portion of the project is necessary, and that maintenance staff has provided additional options that will likely be less expensive than the options thus far proposed by Mead and Hunt.

ITEM #8 PROJECT STAFF REPORTS

General Manager Berry added to noteworthy activities that staff met with the USFS to finalize the Beardsley campground improvements and final walk through of the facilities. Operations Supervisor Townsend reported on the current water situation. Susan Larson reported to the board that she would be attending a FERC conference in September and was asked to be a presenter. Director Holbrook had a question on the annual rainfall percentage, and was told staff would get back to the directors with an answer to the number.

ITEM #9 GENERATION AND POWER MARKETING REPORT

No discussion.

ITEM #10 FISHBIO

No discussion.

RECESS TO TRI-DAM POWER AUTHORITY

Director Holbrook moved to recess to the Tri-Dam Power Authority Board of Commissioners Meeting at 10:41 A.M. Director Bairos seconded the motion. The motion passed 8-0.

The Project meeting resumed at 10:49 A.M.

ITEM #11 CLOSED SESSION

- a. Conference with legal counsel – Existing Litigation
Pursuant to subdivision (c) of Section 54956.9 - 5 cases
 - 1. Tri-Dam Project v. Schediwy, et al.
 - 2. Tri-Dam Project v. Keller
 - 3. Tri-Dam Project v. Michael, et al.
 - 4. Tri-Dam Project v. Yick
 - 5. Tri-Dam Project v. Holman

- b. Conference with Real Property Negotiators, Pursuant to Section 54956.8
Property: APN's 064-029-062 and 064-029-063
Agency Negotiators: Ron Berry
Negotiating Parties: Tri-Dam Project and Merle Holman
Under Negotiation: Price and Terms of payment

- c. Conference with Labor Negotiator
Pursuant to Section 54957.6
Agency Negotiator: General Manager
Employee Organization: IBEW and Management Group

Chairman Webb reported that no action was taken during closed session.

ITEM #12 DIRECTOR COMMENTS

None

ADJOURNMENT

Chairman Webb adjourned the Tri-Dam Project Board of Directors Meeting at 11:41 A.M.

The next Regular Board meeting is scheduled for September 18, 2014, at the South San Joaquin Irrigation District in Manteca, California beginning at 9:00 A.M.

ATTEST:

Ron Berry
Secretary, Tri-Dam Project