

MERCED IRRIGATION DISTRICT
APPROVED MINUTES
February 18, 2014

The Board of Directors of the Merced Irrigation District met on the above date, pursuant to notice, at 10:00 A.M. in the Chamber Room at Merced Civic Center.

PLEDGE OF ALLEGIANCE

Roll call showed the following Board members present:

Directors:

Tim Pellissier	<i>President – Division 1</i>
Scott Koehn	<i>Division 2</i>
Dave Long	<i>Vice President – Division 3</i>
Kevin Gonzalves	<i>Division 4</i>
Billy Pimentel	<i>Division 5</i>

The following MID Employees were also present:

General Manager	John Sweigard
General Counsel	Phillip McMurray
Deputy General Manager, Water Resources	Bryan Kelly
Deputy General Manager, Water Rights/Supply	Hicham Eltal
Deputy General Manager, Energy Resources	Don Ouchley
Director of Finance	Brian Stubbert
Director of Administrative Services	Jennifer Carter
Director of Parks and Recreation	James Mills
Controller	Kandi Ramos
Customer Programs Manager	Vanessa Lara
Business Development Manager	Christopher Cuttone
Information Technology Manager	Jesse Kilgore
Executive Assistant to the General Manager	Crystal Guintini

CORRECTIONS OR ADDITIONS TO THE AGENDA

None

PUBLIC COMMENT

Mr. Anthony Roggero addressed the Board regarding the District's FERC relicensing, and the different water year types that were used during the development of the 'strawman' Merced River flow scenarios. Mr. Roggero indicated his preference to change the definition of water year types, and provided the Board with a graph of Merced River unimpaired inflow to Lake McClure that was prepared by California Department of Fish and Wildlife.

Mr. Sohan Sahota addressed the Board regarding a refund for storm drainage fees and standby fees to his existing account.

Mr. Joe Scoto addressed the Board as co-chair on behalf of MIDAC regarding the attendance of appointed committee members at MIDAC meetings. Mr. Scoto indicated that the MIDAC would like the Board of Directors to speak with their individual appointees regarding their attendance, and possibly appoint new committee members if individuals are not able to fully attend and participate in committee meetings, particularly since there are so many important issues facing the District.

Director Gonzalves arrived at 10:05 A.M.

CONSENT CALENDAR

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|---------------------------------|---------------------------------------|
| 1. Board Minutes | January 21, 2014 and February 4, 2014 |
| 2. Written Disbursement Request | No. 64 |
| 3. Out of State Travel Requests | 2014-05 and 2014-06 |

On a motion by Vice President Long to accept the Consent Calendar as presented, seconded by Director Koehn; the Board unanimously approved the Consent Calendar.

ACTION/DISCUSSION ITEMS

Director of Administrative Services Carter requested the Board review and consider a claim filed by Mr. Edgar Tuttle for alleged damages to the propeller of his boat when it hit a rock in Lake McClure approximately 100 feet from shore at McClure Point. Mr. Tuttle is claiming \$200.00 to purchase a new propeller for his boat. Ms. Carter stated it is staff's recommendation to deny the claim and forward to ACWA-JPIA for investigation and further disposition. After further discussion, on a motion by Vice President Long to deny the claim and forward to ACWA-JPIA for investigation and further disposition, seconded by Director Koehn; the Board unanimously approved the motion.

Ms. Carter requested the Board review and consider adoption of Resolution No. 2014-07 authorizing a short term lease of District property at 720 West 20th Street to American Ag Credit. The term of the rental agreement is May 1, 2014 through September 30, 2014, and the lessee can extend lease month to month effective October 1, 2014. The monthly rental is \$4,635.00 per month which is \$0.90 per square foot. After further discussion, on a motion by Director Koehn to approve Resolution No. 2014-07, seconded by Director Pimentel; the Board unanimously approved the motion.

Deputy General Manager Energy Resources Ouchley requested the Board review and consider adoption of Resolution No. 2014-08 authorizing the negotiation, execution and implementation of necessary agreements and documents for the transition of MID's Merced River Hydroelectric Project to merchant status on July 1, 2014 and its operation thereafter. Mr. Mark Meyers, consultant from GridSME, explained the various agreements necessary, and the transition of New Exchequer and McSwain to Merchant Status.

Director Gonzalves inquired if the District received any other bids in addition to PG&E. Mr. Ouchley stated that in order to market power from New Exchequer/McSwain we must have 24 hour control room services and that he had contacted every entity in the State known to provide this service and all but PG&E declined and PG&E would only provide control services if a PPA was in place. Mr. Ouchley stated a District control room must be built within the next three years to benefit the District's Electric and Hydro Departments. Mr. Ouchley answered a variety of questions from the Board, and stated it is staff's recommendation to move forward with PG&E on this interim basis as there are longer term business decisions currently under discussion. After further discussion, Vice President Long moved to adopt Resolution No. 2014-08, seconded by Director Koehn; the Board unanimously approved the motion.

REPORT ITEMS

Deputy General Manager Water Resources Kelly provided a brief updated on the District's water outlook and staff's efforts to obtain regulatory relief to obtain incremental supply benefits for District customers. He stated CA Department of Fish and Game agreed that the Davis Grunsky flows could be reduced from 180-220 cfs to 100 cfs through the end of March. Mr. Kelly stated staff is still diligently working on summer flows in addition to the minimum pool of the reservoir. The Board indicated that the hard work was appreciated.

DIRECTOR REPORTS

None

CLOSED SESSION

At 11:00am, President Pellissier announced that the Board would adjourn to closed session. General Counsel McMurray reported that the Board would meet with its real property negotiators identified as the District's General Manager, General Counsel, and Deputy General Managers for Energy Resources and Water Resources regarding potential price and terms of agreement for real property as identified on the agenda, pursuant to Government Code section 54956.8. There was no public comment on any item listed on the closed session agenda.

At 11:05am, President Pellissier convened the closed session with all Board members present. At 11:40am, the Board returned to open session. General Counsel McMurray reported that the Board took action in closed session authorizing the negotiation and execution of a term sheet for purchase of

real property between the District and the Pacific Gas and Electric Company, and that the terms of the agreement would be made public if and when a final agreement was reached. The vote on the action was as follows:

Ayes: Gonzalves, Koehn, Long, Pellissier, Pimentel
Noes: None
Abstain: None
Absent: None

Mr. McMurray also reported that the Board received information and provided staff with further direction, but took no other action in closed session.

ADJOURNMENT

President Pellissier adjourned the meeting at 11:43 A.M.

The next scheduled Board of Directors meeting is Tuesday, March 4, 2014 at 10:00am.



Dave Long, Vice President

APPROVED:



Tim Pellissier, President