

**MERCED IRRIGATION DISTRICT
APPROVED MINUTES
May 2, 2017**

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

PLEDGE OF ALLEGIANCE

Roll call showed the following Board members present:

Directors:

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

The following MID Employees were also present:

General Counsel	Phillip McMurray
Deputy General Manager, Water Rights/Supply	Hicham Eltal
Deputy General Manager, Energy Resources	Don Ouchley
Deputy General Manager, Water Operations	Bryan Kelly
Director of Administrative Services	Victor Moreno
Chief Financial Officer	Brian Stubbert
Hydroelectric Project Manager	Peter Wade
Customer Programs Manager	Vanessa Lara
Director of Parks and Recreation	Bret Theodozio
Public and Government Relations Officer	Mike Jensen
Business Development Program Manager	Chris Cuttone
Information Technology Manager	Jesse Kilgore
Water Resources Coordinator	Ann-Marie Felsing
Interim Executive Assistant to General Manager	Dominique Zuniga

CORRECTIONS AND/OR ADDITIONS TO AGENDA

None

PUBLIC COMMENT

None

CONSENT CALENDAR

1. Unapproved Minutes – April 4, 2017
2. Cash Transaction Report – March 2017
3. Treasurer's Report – March 2017

On a motion by Director Koehn to approve the Consent Calendar as presented, seconded by Director Pimentel; the Board unanimously approved the Consent Calendar. The vote was as follows:

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

PUBLIC HEARING

Board President Long indicated that, pursuant to the agenda, the Board would open its public hearing to receive public comments regarding the formation of the Merced Irrigation Groundwater Sustainability Agency, as the District is a party to the Memorandum of Understanding forming the agency for a portion of the Merced Groundwater Subbasin. President Long opened the public hearing at

10:05 AM. Deputy General Manager of Water Rights/Supply, Eltal provided the Board and public with a presentation with information regarding the proposed new groundwater sustainability agency. Mr. Eltal provided background on the Sustainable Groundwater Management Act and the recent action that the Board took on April 4, 2017 when it authorized execution of a Memorandum of Understanding with a number of other local agencies in eastern Merced County. Mr. Eltal also explained the process of developing the groundwater sustainability agency, submitting it to the California Department of Water Resources for review and approval consistent with legal and regulatory requirements, as well as the process to develop a groundwater sustainability plan(s) to manage local groundwater resources sustainably.

Mr. Eltal and staff responded to a number of questions from the Board and public. After the presentation and confirming that there was no additional comments from the Board or public, President Long closed the public hearing at 10:15 AM.

ACTION ITEMS

Mr. Eltal requested the Board adopt Resolution No. 2017-25 as presented, which authorizes the formation of the Merced Irrigation Urban Groundwater Sustainability Agency, and authorizes the General Manager or his designee to execute all necessary documents related to the proposed action. Mr. Eltal explained that the item is a continuation of action taken by the Board on April 4, 2017 and follows the noticed public hearing to receive comments relating to the creation of the groundwater sustainability agency. The fiscal impact will not be borne by MID but through some other financial mechanism to be developed by the GSA.

Mr. Eltal and staff answered questions from the Board regarding the use of funds relating to the creation of the MIU GSA. After further discussion, Director Marchini made a motion to adopt Resolution No. 2017-25 as presented, seconded by Director Gonzalves; the Board unanimously approved the motion. The vote was as follows:

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

Deputy General Manager Energy Resources, Ouchley requested the Board adopt Resolution No. 2017-24 identifying a new electric rate class and approving a new rate, Electric Service Schedule ED1-P, as presented. The rate would be offered to industrial and commercial customers having a total combined non-coincident demand at a single location of 15,000 kilowatts or greater, within a 12 month period. Customer's delivery voltage must equal or exceed 12,000 volts. Monthly customer rates include a \$1,850 customer charge, demand charge per kilowatt of \$16 and an energy charge per kilowatt hour of \$0.0509. Mr. Ouchley explained that the fiscal impact includes a potential increase in annual revenue for Energy Resources in an amount yet to be determined.

Mr. Ouchley and staff answered a number of questions from the Board regarding current customer eligibility and whether or not MID rates are competitive. After further discussion, Director Koehn made a motion to adopt Resolution No. 2017-24 as presented, seconded by Director Pimentel; the Board unanimously approved the motion. The vote was as follows:

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

REPORT ITEMS

Chief Financial Officer Stubbart presented the Board with a presentation regarding the District's unaudited quarterly financial report for FY ending March 31, 2017. Mr. Stubbart discussed that various revenue and expense accounts are spread based on the seasonality of the transaction, such as Water Revenues, Parks Revenues, Electric Revenue, Hydroelectric Generation etc. Data shows that the District ended the fourth quarter net revenue of approximately \$39 million. These results are preliminary unaudited results.

Mr. Ouchley presented the March 2017 Energy Resources and Hydroelectric Report. Mr. Ouchley reported that the system megawatt-hour ("MWh") sold was 36,804 MWh. Energy Resources connected 36 new customers during the month of March, increasing the total number of customers to 9,206. Mr. Ouchley is pleased to announce that during the month of March there were 0 power outages. Lake McClure has dropped 27 feet of elevation reducing it to 212 TAF Storage.

Mr. Eltal presented the Board with the Merced River Hydrology and Reservoir Operation report providing information about the water levels in Lake McClure. Mr. Eltal also noted that despite the current month, there is still a large amount of snow remaining at higher elevations. Since October we have had 1.5 million acre feet of water passed through the lake and released to the lower Merced River.

Deputy General Manager, Water Resources Kelly, presented the Board with the Water Resources Report giving the status on diverted surface water and conjunctive groundwater pumping in the Districts Main Canal, and Northside Canal. Mr. Kelly provided monthly information regarding AF of water delivered to accounts. Between March 1 and May 2, 2017, approximately 15,910 AF have been delivered which is made up of approximately 8,608 acre-feet of deliveries to Class I and II users, approximately 2,204 acre-feet was delivered to MID's two conjunctive groundwater recharge basins and approximately 5,098 AF to other commitments, such as the Stevinson Water District, the Merced National Wildlife Refuge, and in-basin water transfer purchases.

ADJOURNMENT

The Board adjourned its meeting at 11:20am.



Scott Koehn, Vice President/Secretary



Dave Long, President