

MERCED IRRIGATION DISTRICT
APPROVED MINUTES
July 17, 2018

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:

Dave Long	<i>President – Division 3</i>
Suzy Hultgren	<i>Division 4</i>
Robert Weimer	<i>Division 5</i>

The following Board members were absent:

Directors:

Jeff Marchini	<i>Vice President – Division 1</i>
Scott Koehn	<i>Division 2</i>

The following MID employees were also present:

General Manager	John Sweigard
General Counsel	Phillip McMurray
Deputy General Manager Water Supply	Hicham ElTal
Chief Financial Officer	Dipak Bhakta
Director of Administrative Services	Victor Moreno
Deputy General Manager, Water Operations	Bryan Kelly
Hydroelectric Project Manager	Peter Wade
Senior Engineer	Richard Dragonajtys
Business Development Program Manager	Chris Cuttone
Customer Programs Manager	Vanessa Lara
Controller	Kandi Ramos
Financial Analyst	Rigoberto Guzman
Budget & Reporting Analyst	Melissa Bedolla
Systems Administrator	Michael Howells
Legal Assistant to General Counsel	Jennifer McMaster
Executive Assistant to General Manager	Dominique Zuniga

CORRECTIONS AND/OR ADDITIONS TO AGENDA

General Counsel McMurray requested the Board remove the draft Cost of Service Study update from the Board's agenda, because MID will host a workshop to discuss the study following the Board's meeting. Mr. McMurray also requested the Board add a closed session item to discuss a matter of existing litigation between Joseph Lima and the District to discuss an issue that arose after the agenda had been posted. The Board unanimously approved the changes to the agenda, as requested.

PUBLIC COMMENT

None

PUBLIC HEARING

Mr. McMurray indicated that, pursuant to the agenda, the Board would open its public hearing to receive public comments regarding the LeGrand – Planada Bifurcation Regulating Reservoir Project. Mr. McMurray stated that the Board would receive public comments as part of its environmental review process under the California Environmental Quality Act. President Long opened the public hearing at

10:03 AM. After receiving no comments from the public, President Long closed the public hearing at 10:05 AM.

CONSENT CALENDAR

1. Treasurer's Report – May 2018
2. Cash Transaction Report – May 2018
3. Unapproved Minutes – May 15, 2018
4. Unapproved Minutes – May 29, 2018
5. Unapproved Minutes – June 12, 2018

Director Weimer made a motion to approve the Consent Calendar as presented, seconded by Director Hultgren with a request that the minutes from May 29, 2018 be amended to indicate that Vice President Marchini presided over and adjourned that Board meeting; the Board unanimously approved the Consent Calendar. The vote was as follows:

Ayes:	Hultgren, Long, Weimer
Noes:	None
Abstain:	None
Absent:	Koehn, Marchini

ACTION ITEMS

Deputy General Manager Water Operations, Kelly requested the Board consider making findings pursuant to the Williamson Act relating to the potential acquisition of real property for a proposed water regulating reservoir in the Livingston Service Area. Mr. Kelly discussed the opportunity presented to the District to obtain a parcel in the general area of the Howard and McCoy Laterals for a planned water regulating reservoir. Mr. Kelly noted the proposed project was a key recommendation in MID's Water Resources Management Plan. Mr. Kelly discussed the operational improvements the planned project would provide the District, and further summarized the requested findings under the Williamson Act being requested.

After staff responded to questions and after further discussion, Director Weimer made a motion to approve Resolution No. 2018-21 as presented, seconded by Director Hultgren; the Board unanimously approved the motion. The vote was as follows:

Ayes:	Hultgren, Long, Weimer
Noes:	None
Abstain:	None
Absent:	Koehn, Marchini

Deputy General Manager Water Operations, Kelly requested the Board approving 3 separate resolutions granting quitclaim deeds for certain MID fee interests to 14 Mile Ranch and Dalvir Singh Chahal and Kamaljit K. Chahal; and also accepting a grant deed from 14 Mile Ranch to a fee interest in property. Mr. Kelly summarized the property transactions, explaining that each of them related to the development of the proposed Howard/McCoy Laterals Water Regulating Reservoir Project. Mr. Kelly discussed the relationship of Resolution No. 2018-21 to the current items pending approval from the Board. Mr. Kelly noted, owners and staff agreed that MID would be willing to consider quitclaiming its interests in the MID fee strips in exchange for 14 Mile Ranch granting to MID a parcel of equivalent acreage and in an appropriate configuration for a planned water regulating reservoir. The proposal allows MID to work with local landowners in facilitating their operations without impacting the MID's operations while also allowing MID to obtain land for a planned water regulating reservoir.

After further discussion, Director Weimer made a motion to approve Resolution Nos. 2018-22, 2018-23 & 2018-24, each as presented, seconded by Director Hultgren; the Board unanimously approved the motion. The vote on each of the 3 resolutions was, as follows:

Ayes:	Hultgren, Long, Weimer
Noes:	None
Abstain:	None
Absent:	Koehn, Marchini

Deputy General Manager Water Operations, Kelly requested the Board adopt a Mitigated Negative Declaration for purposes of compliance with the California Environmental Quality Act relating to the Le Grand-Planada Bifurcation Regulating Reservoir Project. Mr. Kelly discussed the regulations that require state and local agencies to identify the environmental impacts of their projects, and take actions to avoid or mitigate those impacts. Mr. Kelly discussed the two comments received in response to the submission of the draft Mitigated Negative Declaration that was sent to the State of California Clearing House for distribution. Both comments were addressed accordingly. Mr. Kelly reiterated the importance of the project, allowing the District to complete a milestone step in the CEQA process, and allow the District to proceed with construction of the proposed project.

After further discussion, Director Weimer made a motion to adopt the Mitigated Negative Declaration and approve Resolution No. 2018-25 as presented, seconded by Director Hultgren; the Board unanimously approved the motion. The vote was as follows:

Ayes:	Hultgren, Long, Weimer
Noes:	None
Abstain:	None
Absent:	Koehn, Marchini

General Counsel McMurray requested the Board approve accepting an easement grant deed from the QG Printing II Corporation relating to the proposed expansion of MID's Cooper Substation. Terms of the agreement include a purchase price of \$92,750 based upon a per acre valuation. Mr. McMurray noted the easement is necessary to complete installation of needed improvements to the Districts Cooper Substation and will improve reliability.

After further discussion, Director Hultgren made a motion to approve Resolution No. 2018-26 as presented, seconded by Director Weimer; the Board unanimously approved the motion. The vote was as follows:

Ayes:	Hultgren, Long, Weimer
Noes:	None
Abstain:	None
Absent:	Koehn, Marchini

REPORT ITEMS

Chief Financial Officer Bhakta and Brian Henderson from Hudson Henderson & Company, Inc., CPA's presented the Board with the 2018 Fiscal Year Audited Financial Statements. Based on the results of the audit work, Hudson Henderson & Company Inc. issued an unqualified opinion, that the 2018 Fiscal Year Audited Financial Statements present fairly, in all material respects, the financial position of the business-type activities of the District. This is the best possible audit opinion to receive from a CPA firm.

Senior Engineer, Dragonajtys presented the Board with the May 2018 Energy Resources and Hydroelectric Report. Mr. Dragonajtys reported that the system megawatt-hour ("MWH") sold was 79,316. Energy Resources increased their total number of customers to 9,209 and 656 solar customers. Mr. Dragonajtys provided the Board with a brief update on the third transformer scheduled to be installed at Pioneer Substation due to increased growth in the area.

Deputy General Manager Water Operations, Kelly provided an update regarding water deliveries so far this season. Mr. Kelly discussed the amount of water delivered, totaling approximately 114,521 AF to about 94,491 acres so far this year. Mr. Kelly noted it is peak water season and things are moving smoothly.

CLOSED SESSION

At 11:11 AM, President Long announced that the Board would adjourn to closed session. General Counsel McMurray reported that the Board would adjourn to closed session to conference with counsel regarding two (2) matters of existing litigation pursuant to Government Code Section 54956.9(a). The matters of existing litigation were identified as *Kevin Gonzalves v. Merced Irrigation District, et. al.*; Merced Superior Court Case No. 17CV-03333; and, *Merced Irrigation District v. Joseph A. Lima*; Merced Superior Court Case No. 18CV-01706. There was no public comment on any item listed on the closed session agenda.

At 11:33 AM, President Long convened the closed session with Board members Hultgren, Long, and Weimer present. At 11:35 AM, the Board returned to open session. General Counsel McMurray reported that the Board met with counsel in closed session and took action authorizing settlement and execution of a Board resolution if appropriate, in the *Merced Irrigation District v. Joseph A. Lima* matter. The vote on the action was as follows:

Ayes:	Hultgren, Long and Weimer
Noes:	None
Abstain:	None
Absent:	Koehn and Marchini

Mr. McMurray indicated that details of the settlement would be made public if and when a settlement is executed and approved by the court. Mr. McMurray also indicated that the Board received information and provided direction in closed session regarding each of the matters discussed in closed session, but that the Board took no other action.

ADJOURNMENT

President Long adjourned the Board Meeting at approximately 11:37 AM.



Jeff Marchini, Vice President



Dave Long, President