

MERCED IRRIGATION DISTRICT
APPROVED MINUTES
August 16, 2016

The Board of Directors of the Merced Irrigation District met on the above date, pursuant to notice, at 11:05 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>
Scott Koehn	<i>Vice President – Division 2</i>
Dave Long	<i>President – Division 3</i>
Billy Pimentel	<i>Division 5</i>

The following Director had an excused absence:

Kevin Gonzalves	<i>Division 4</i>
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The following MID Employees were also present:

General Manager	John Sweigard
General Counsel	Phillip McMurray
Deputy General Manager, Water Rights/Supply	Hicham Eltal
Deputy General Manager, Water Resources	Bryan Kelly
Deputy General Manager, Energy Resources	Don Ouchley
Chief Financial Officer	Brian Stubbert
Director of Administrative Services	Jennifer Carter
Director of Parks and Recreation	Bret Theodozio
Manager Engineering and Operations, Energy Resources	Juan Sanchez
Public and Government Relations Officer	Mike Jensen
Information Technology Manager	Jesse Kilgore
Executive Assistant to General Manager	Crystal Guintini

PUBLIC COMMENT

None

CONSENT CALENDAR

1. Unapproved Minutes – August 2, 2016

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

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

ACTION ITEMS

Senior Planner Engineer Dragonjtyts requested the Board review and consider revisions to the District's Risk Management Policy required for MID to become a Scheduling Coordinator in the CAISO Control Area. The Power Purchase Agreement with PG&E for hydroelectric power sales expires on June 30, 2017, and to provide additional resource options MID needs to be able to replace the District's Scheduling Coordinator function, which is currently provided by PG&E. MID has a Financial Risk Management (Hedge) Program and Policy, the policy needs two additions to allow the District the opportunity to become a Scheduling Coordinating, consistent with CAISO standards; 1) Market to Market Reporting, and 2) Compliance Training.

After further discussion and after a short question and answer session, Vice President Koehn made a motion to revise the Risk Management Policy to include the changes as proposed, seconded by Director Pimentel; the Board unanimously approved the motion. The vote was as follows:

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

REPORT ITEMS

Deputy General Manager Water Rights/Supply Eltal presented the Board with information regarding Merced River hydrology and statistics. New Exchequer elevation as of Augst 9, 2016 was 770.23 feet, compared to 619.33 on August 9, 2015. The current storage is at 493,453 acre feet compared to 105,762 acre feet on August 9, 2015. The current inflow is 99 cfs.

Mr. Eltal provided an update of the Sustainable Groundwater Management Act (SGMA). A Groundwater Sustainability Agency (GSA) must be created by June 30, 2017 then create a Groundwater Sustainability Plan (GSP) by 2020 for Merced and Chowchilla Sub-Basins and 2022 for Turlock Sub-Basin.

Deputy General Manager Water Resources Kelly introduced Ms. Susan Burke, Ph.D., with Cardno. Mr. Kelly stated that the State Water Resources Control Board (SWRCB) issued its substitute environmental document (SED) in 2012 in support of their proposal to impose an unimpaired flow requirement on the San Joaquin Tributaries, including the Merced River. Mr. Kelly stated that the SED proposed requiring unimpaired flow requirements ranging from 20 percent to 60 percent and analyzed impacts at 35 percent. Based on numerous comments, the SWRCB decided to "recirculate" the document. The revised SED has not yet been released, but discussions with various parties indicated that the revised SED may analyze impacts at a 40 percent unimpaired flow. Mr. Kelly stated that MID hired Cardo to perform a study to show the economic impact of the SWRCB's proposal for increasing flows on the Merced River and requested that Cardno analyze those impacts at 40 percent of unimpaired flows.

Ms. Burke stated that Cardno utilized the District's hydrologic model of the region to estimate both baseline canal deliveries and canal deliveries under the SWRCB's SED, assuming a requirement to release 40 percent of unimpaired flows. 93 years of hydrology were used to develop the model, from 1922 through 2014. Under existing operations, shortages would occur in 11 of the 93 years, while under the SWRCB's plan shortages occur in 41 years out of the 93 year analysis period.

The SWRCB's proposed plan would reduce canal deliveries by between 15 and 25 percent of baseline in half of the 93 years modeled. Under the baseline water deliveries full canal demands are met in each water-year type except for critical water-years when canal deliveries were estimated to be 75 percent of full canal deliveries. Under the SWRCB SED, canal deliveries in below normal years are 85 percent of baseline. In dry years, canal deliveries are 75 percent of baseline. In critical years, canal deliveries are 55 percent of full canal deliveries, 20 percent lower than the critical-year baseline of 75 percent of full canal deliveries.

Based on these reductions in deliveries, total estimated annual output losses, primarily agricultural output, range between \$129 million (in below normal water-year types) to \$234 million (in dry years). Full- and part-time jobs would likely not be impacted in wet and above normal water-year types. However, in all other water-year types the annual number of jobs lost is estimated to range between 587 and 970, with the subsequent reduction in labor income ranging between \$37 million and \$59 million.

CLOSED SESSION

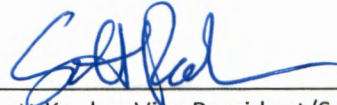
At 12:25pm, President Long announced that the Board would adjourn to closed session. General Counsel McMurray reported that the Board would adjourn to closed session to conference with its legal counsel regarding 2 matters of anticipated litigation pursuant to Government Code Section 54956.9(d)(2), and 1 matter of existing litigation pursuant to Government Code Section 54956.9(a) involving the case of MID v. County of Mariposa, Tulare County Superior Court Case No. 13-252209. Mr. McMurray stated that the Board would also conference with its labor negotiators pursuant to Government Code Section 54957.6. The District's negotiators are the District's General Manager, General Counsel, and Director of Administrative Services. The Board discussion with its labor negotiators involved negotiations with the International Brotherhood of Electrical Workers Local 1245. There was no public comment on any item listed on the closed session agenda.

At 12:30pm, President Long convened the closed session with Board members Koehn, Long, Marchini and Pimentel present. At 12:50pm, the Board returned to open session. General Counsel McMurray reported that the Board received information and provided staff with direction regarding the matters discussed in closed session, but took no action.

ADJOURNMENT

President Long adjourned the meeting at 12:50pm.

The next scheduled Board of Directors meeting is Tuesday, September 20, 2016.



Scott Koehn, Vice President/Secretary



Dave Long, President