

MERCED IRRIGATION DISTRICT
APPROVED MINUTES
March 20, 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:

Jeff Marchini	<i>Vice President - Division 1</i>
Scott Koehn	<i>Division 2</i>
Suzy Hultgren	<i>Division 4</i>
Robert Weimer	<i>Division 5</i>

The following Director was absent:

Dave Long	<i>President – Division 3</i>
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The following MID employees were also present:

General Manager	John Sweigard
General Counsel	Phillip McMurray
Deputy General Manager, Energy Resources	Don Ouchley
Deputy General Manager, Water Supply/Rights	Hicham ElTal
Deputy General Manager, Water Resources	Bryan Kelly
Chief Financial Officer	Dipak Bhakta
Director of Administrative Services	Victor Moreno
Public & Government Relations Manager	Mike Jensen
Director of Parks and Recreation	Bret Theodozio
Hydroelectric Project Manager	Peter Wade
Senior Engineer	Richard Dragonajtys
Business Development/Project Manager	Chris Cuttone
Controller	Kandi Ramos
Financial Analyst	Rigoberto Guzman
Budget & Reporting Analyst	Melissa Bedolla
Associate Engineer	Andrew Crawford
Information Technology Manager	Jesse Kilgore
Executive Assistant to General Manager	Dominique Zuniga

CORRECTIONS AND/OR ADDITIONS TO AGENDA

None.

CLOSED SESSION

At 10:03 AM, Vice President Marchini announced that the Board would adjourn to closed session. General Counsel McMurray reported that the Board would adjourn to closed session to conference with labor negotiators regarding one (1) personnel matter as identified on the Board's agenda pursuant to Government Code Section 54957.6. The District's negotiators were identified as the District's General Manager, General Counsel and Director of Administrative Services. There was no public comment on any item listed on the closed session agenda.

At 10:04 AM, Vice President Marchini convened the closed session with Board members Koehn, Hultgren, Marchini and Weimer present. At 10:40 AM, the Board returned to open session. General Counsel McMurray reported that the Board met in closed session and received information and provided its negotiators with direction, but that the Board took no action in closed session.

PUBLIC COMMENT

None.

CONSENT CALENDAR

1. Unapproved Minutes – March 6, 2018
2. Out of State Travel Request – 2018-07

Director Weimer made a motion to approve the Consent Calendar as presented, seconded by Director Hultgren; the Board unanimously approved the Consent Calendar. The vote was as follows:

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

ACTION ITEMS

Director of Administrative Services Moreno requested the Board approve Resolution No. 2018-16 adopting the remainder of the District's 2019 Fiscal Year Operating and Capital budgets, including the District's Roster by Classification, the budget for Merced Irrigation District Drainage Improvement District #1, Employer Paid Member Contribution (EPMC) and an adjustment to the District's non-bargaining unit wage schedule. Mr. Moreno provided the Board with a brief overview of the proposed changes to the District's Roster by Classification, as well as the budgets for the Water Resources Department, Hydroelectric Department, Energy Resources and General Administration Departments, including proposed both additions and deletions to the current roster. The Board and staff engaged in discussion regarding a number of items in the budgets. Mr. Moreno indicated that the wage schedule proposes an increase of 3.3% as discussed at the previous Board meeting and consistent with changes in the January 2016 through December 2017 CPI-W labor index. The District will continue paying 3% of CalPERS Classic member contributions.

Deputy General Manager Energy Resources Ouchley presented the Board with information on the proposed FY 2019 Energy Resources Budget. Mr. Ouchley noted the nearly \$1,500,000 increase in anticipated revenue from the FY 2018 Budget is reflective of a growing local economy. Energy Resources Department operating expenses are comparable to FY 2018 with minimal differences. Earnings before capital project expenses are projected to be \$18,400,000. Mr. Ouchley discussed the increase in the Districts largest expense which is for the cost of power. The capacity component of this expense is called Resource Adequacy (RA) and has increased from approximately \$1.00 to \$3.00 per kilowatt per month. This increase added nearly \$500,000 to anticipated expenses. Mr. Ouchley provided the Board with an overview of the Districts capital projects for the upcoming year. Staff responded to a number of questions from the Board, and there was discussion regarding expenses as well as capital projects.

Deputy General Manager Water Operations Kelly provided the Board with an overview presentation of the proposed budget for the Merced Irrigation District Drainage Improvement District #1, Fiscal Year 2019. Mr. Kelly noted the functions of MIDDID#1, providing storm drainage services to Merced/Atwater/Livingston communities, with nearly 15,000 assessed parcels. Annual operating revenue for FY 2019 will be approximately \$267,000 which include assessment and hook-up fees and interest. Operating expenses are expected to be approximately \$316,000 with a net positive unrestricted balance of approximately \$935,000.

After significant further discussion, Director Weimer made a motion to approve Resolution No. 2018-16, approving and adopting the Merced Irrigation District Fiscal Year 2019 Operating and Capital Budget including Roster by Classification, Merced Irrigation District Drainage Improvement District #1, Employer Paid Member Contribution and Non Bargaining Unit Wage Schedule, seconded by Director Koehn; the Board unanimously approved the motion. The vote was as follows:

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

REPORT ITEMS

Deputy General Manager Water Operations Kelly provided a brief update to the Board regarding water deliveries and groundwater pumping for the year so far. Mr. Kelly also discussed water operations activities as they relate to the overlap of irrigation season and storm season, and the challenges presented.

Deputy General Manager Water Supply ElTal presented the Merced River Hydrology & Reservoir Operations report, discussing the current reservoir level at 709,000 AF in comparison to the 760,000 AF last year. Inflows to Lake McClure as of March 18th, 2018 are at 1,793 cfs, significantly better than the previous months numbers. Mr. ElTal requested direction from the Board regarding potential water transfers and whether or not they would like staff to inquire about moving additional small amounts of water to willing purchasers this year, if there is an opportunity. Director Hultgren expressed her interest in the District seeking water transfers to help with the Districts unfunded liabilities and to help stabilize in-District water pricing and avoid large fluctuating prices. Director Koehn discussed the benefit of small, high revenue out of basin water transfers and his interest in having those brought before the Board to consider. Director Marchini indicated his preference to avoid out of basin transfers, however the Board unanimously agreed that staff should continue to search out opportunities and bring them back to the Board to consider.

CLOSED SESSION

At 11:51 AM, Vice President Marchini 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 one (1) matter of existing litigation pursuant to Government Code Section 54956.9(a), as identified on the Board's agenda, involving the *Merced Irrigation District v. Barclay's Bank PLC*; United States District Court, Southern District of New York; Case Number 15-cv-4878-VM. There was no public comment on any item listed on the closed session agenda.

At 12:03 PM, Vice President Marchini convened the closed session with Board members Koehn, Hultgren, Marchini and Weimer present. At 12:05 PM, the Board returned to open session. General Counsel McMurray reported that the Board met in closed session with counsel and voted to approve an offer of settlement in the *Merced Irrigation District v. Barclay's Bank PLC* class action matter. As part of the action, the Board authorized adoption of a resolution memorializing the substantive terms of the proposed agreement, said resolution to be executed and the terms of agreement to be made public if and when the settlement is finalized and approved by the court. The vote on the action was as follows:

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


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

ADJOURNMENT

President Long adjourned the Board Meeting at approximately 12:06 PM.



 Jeff Marchini, Vice President



 Dave Long, President