

MERCED IRRIGATION DISTRICT
APPROVED MINUTES
REGULAR MEETING
February 16, 2010

The Board of Directors of the Merced Irrigation District met on the above date, pursuant to notice, at 9:03 A.M. in the City Council Chambers. Roll call showed the following Board members present:

Directors:	Tim Pellissier <i>Division 1</i>
	Gino Pedretti <i>Division 2</i>
	David Long <i>Division 3</i>
	Suzy Hultgren <i>Vice President/Secretary</i> <i>Division 4</i>
	Wil Hunter <i>President - Division 5</i>

The following were also present:

General Manager	John Sweigard
Deputy General Manager	Hicham Eltal
AGM Regulatory Compliance & Government Affairs (Water)	Geoffrey Rabone
Chief Financial Officer	Andre Urquidez
Recording Clerk	Cheryl A. Miller
Excused Absence	General Counsel Kenneth M. Robbins

PLEDGE OF ALLEGIANCE

CORRECTIONS OR ADDITIONS TO THE AGENDA

None

PUBLIC COMMENT

None

CEREMONIAL MATTERS

AGM Rabone recognized retiring Hydroelectric Technician Crew Leader Paul Tice for his commitment to the District. He noted Mr. Tice's service period was from November 2, 1992 to January 18, 2010. Mr. Rabone read the following statement:

"Mr. Tice began his career with the Merced Irrigation District as the Hydroelectric Project's (Project) first communication technician. Prior to that time, he had a distinguished career in the Air Force and upon retirement there, owned and operated a computer store in the Merced area.

During his career, Paul has consistently demonstrated a high degree of leadership, integrity and forward thinking in all aspects of work to which he has applied himself. Prior to Paul's arrival, the Project relied heavily on Pacific Gas and Electric Company (PG&E) and other outside resources for its telecommunication needs. Through the ensuing years, the Project's telecommunication systems were modernized largely due to Paul's initiative, diligence and persistence. As a result of his efforts and commitment to excellence, the Project now has a modern microwave system allowing both Exchequer and McSwain powerhouses to be dispatched remotely at the Project, by PG&E, via its Fresno Operating Center, or through automatic generation control by the California Independent System Operator.

Paul continued to be a trailblazer at the Project when he became its first electrical technician about three years ago. Through his hard work and determination he has designed the supervisory control and data acquisition (SCADA) systems for both powerhouses and the outlying facilities critical to the safe and reliable operation of the Project. The Project's SCADA system is very advanced and noted by PG&E and other hydro operators as class-leading. Other notable achievements include his efforts on the successful replacement of two old 70kV oil circuit breakers with new SF6 gas breakers, installation of solid-state excitation systems, and modernized Generator Management Relays at both plants.

Paul has also been a great ambassador to the community at large. He has a close working relationship with the Mariposa Public Utility District and his work with Mark Rowney on Opto Controllers at the Saxon Creek Pumping Station near Briceburg has almost made him a celebrity there.

Paul's commitment to safety at the Project and the District has been continuous and he has been instrumental in driving home the idea that safety is everyone's business and each employee has the responsibility to ensure we all work safely both on and off the job. The Project's safe working record is attributable, in a large degree, to Paul's influence.

Perhaps Paul's greatest character asset is his ability to provide mentoring and coaching for all employees. He has always been anxious to escort people around the plants and show them all of the new and modernized equipment that has been recently installed. More impressive, was the fact that he would show people everything that the crews had installed and did not just show his own achievements. When training an employee, he would provide that employee the opportunity to report out what they had learned or accomplished at our daily morning meetings. This went a long way for reinforcing what the person had learned and provided a sense of teamwork for that person. Paul constantly and tirelessly provided technical guidance and training to both the Operations and Maintenance Departments at the Project. He is a skilled craftsman. Through Paul's efforts, the Project is ready to embrace the needs and demands of the District well into the future."

Former General Manager Ross Rogers stated he was on the interview panel that hired Mr. Tice. Mr. Rogers stated Mr. Tice made a tremendous impression when he said he was the man for the job and that he would lead the District into the future. Mr. Rogers stated Mr. Tice did just that.

CONSENT CALENDAR

President Hunter presented Board meeting minutes of February 2, 2010; Payment of Bills for February 16, 2010; Report of the Treasurer for December 2009; Withdrawal Request ER-350; and Out-of-State Travel Request 2010-2. On motion of Vice President Hultgren, seconded by Director Pellissier, the Board unanimously approved the consent calendar.

COMMENTS BY BOARD SECRETARY/MEMBERS

President Hunter recognized Former General Manager and District Director Reta in the audience.

ACTION ITEMS

AGM Rabone requested the Board consider the claim of Ms. Carolyn Alford for \$6,200 for pain and suffering stemming from an alleged slip and fall at Lake McSwain. He stated she is claiming damage to her right foot, leg, shoulder and neck. He reported the claim form does not specify a date of injury and upon contacting the claimant she could only recall that it was "April or May" at Lake McSwain. He stated the Parks Department was not notified at the time of this alleged accident so there is no MID incident report available.

Mr. Rabone recommended the Board deny the claim and forward the claim to the District's insurance carrier for investigation. On motion of Director Pellissier, seconded by Director Long, the Board unanimously approved staff's recommendation.

Mr. Sweigard requested the Board consider adoption of Resolution No. 2010-5 regarding opposition of constitutional amendment Proposition 16, the "New Two-Thirds Vote Requirement for Public Electricity". He read Resolution No. 2010-5 as follows.

**MERCED IRRIGATION DISTRICT
RESOLUTION NO. 2010-5**

**RESOLUTION TO OPPOSE
CONSTITUTIONAL AMENDMENT PROPOSITION 16
THE "NEW TWO-THIRDS VOTE REQUIREMENT FOR
PUBLIC ELECTRICITY PROVIDERS"**

WHEREAS, Proposition 16 (California State Ballot Petition 09-0015), the "New Two-Thirds Vote Requirement for Public Electricity Providers – Initiative Constitutional Amendment" has qualified for the June 2010 statewide election; and

WHEREAS, the initiative would enact a constitutional amendment requiring two-thirds voter approval for a publicly owned utility to use public funds to provide electric delivery service to new customers within an area where it is a non-exclusive electricity provider or expand its electric delivery service territory; and

WHEREAS, the initiative would place additional requirements on Merced Irrigation District ("District") if it seeks to provide new electric delivery service to customers in the area where it provides service or expand electric delivery service; and

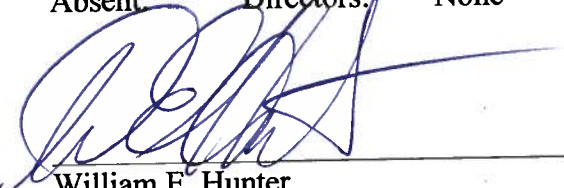
WHEREAS, the initiative would impact the District's electric delivery service operations and rates.

NOW THEREFORE, IT IS HEREBY RESOLVED THAT: the Merced Irrigation District opposes Proposition 16 (California State Ballot Petition 09-0015), the "New Two-Thirds Vote Requirement for Public Electricity Providers – Initiative Constitutional Amendment" as being against the interest of California's electric ratepayers and against the public interest.

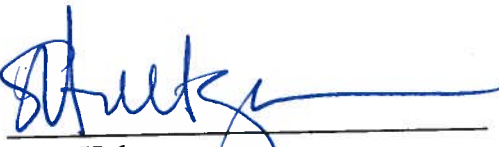
BE IT FURTHER RESOLVED that District staff is directed to appropriately inform the public regarding the initiative, in accordance with applicable laws and regulations.

PASSED AND ADOPTED, by the Board of Directors of Merced Irrigation District on this 16th day of February 2010, by the following vote:

Ayes:	Directors:	Hunter, Hultgren, Long, Pedretti, Pellissier
Noes:	Directors:	None
Abstain:	Directors:	None
Absent:	Directors:	None



William E. Hunter
President
Merced Irrigation District



Suzy Hultgren
Vice President/Secretary
Merced Irrigation District

On motion of Director Long, seconded by, Director Pellissier, the Board unanimously adopted Resolution No. 2010-5.

REPORT ITEMS

Deputy General Manager Eltal reviewed the Merced River Development Project (Project) Water Statistics Report. He reported that as of February 11, 2010, Lake McClure elevation is 761.87 feet compared to 711.55 feet in 2009, storage is 460,221 acre feet (AF) versus 293,690 AF in 2009 and inflow is 736 cubic feet per second (CFS) compared to 826 CFS in 2009. He reported precipitation as of February 11, 2010, was 7.80 inches or 108% of the 7.20 inch average. Mr. Eltal reported that inflow has been weak and reviewed prior months averages. He reported that as of February 11 inflow was 22% of average. However, he noted that end of month storage is positive at 86% of average.

Mr. Eltal reviewed the snow sensor water content data, measured in inches, as follows:

<u>Station</u>	<u>Elev. (ft.)</u>	<u>2/11/2009</u>	<u>2/11/2010</u>	<u>Apr. 1 Avg.</u>	<u>% Apr. 1st</u>
Gin Flat	7050	10.90	22.9 (75.9)	34.2	67%
Tenaya Lk	8150	17.50	23.4 (NA)	33.1	71%
Ostrander	8200	---	22.9 (77.3)	34.8	66%

Note: Snow depth shown in parenthesis

Mr. Eltal reviewed a Lake McClure storage forecast chart with end-of-month storage from September 30, 2009 through October 25, 2010. In addition to lake storage, the chart showed a 432,000 AF and 600,000 AF April through July runoff scenarios, rain flood and conditional space storage reserve, minimum pool, 43-year average storage and the top of the old dam.

Mr. Eltal reviewed the California Department of Water Resources ("DWR") Bulletin 120 showing the most probable 50% average forecasted April through July 2010 runoff at 600,000 AF or 95% of average. He stated this forecast also reflects 90,000 AF of runoff for February that is not anticipated to materialize given that only 17,900 AF was received as of February 11.

Mr. Eltal reviewed a 432,000 AF runoff assumptions scenario that would result in end of season storage at 342,000 AF. He stated this would represent a very dry scenario based on the current snow conditions which represent about 67% of April 1st Average runoff. He stated that using the DWR 50%, 600,000 AF runoff scenario, would result in end of season storage at 539,000 AF.

Mr. Eltal reported on groundwater management activities with local and State entities. He stated staff is actively monitoring SBX7 that affects processes for groundwater monitoring and groundwater accountability. He reported that the Merced Area Groundwater Pool Interests (MAGPI), of which MID is a member, continues to pursue the formation of an Integrated Regional Water Management Plan and acquiring Proposition 50 DWR funds for completion of a groundwater model.

AGM Rabone reported on the Federal Energy Regulatory Commission (FERC) relicensing process. He reported that the District filed two draft study plans and replies to comments received on those plans from regulatory agencies. He stated some field studies have already begun.

Mr. Rabone reported that the One Voice group has included the District's New Exchequer Spillway Modification Project on its projects list.

Mr. Rabone reported on the State Water Resources Control Board Biological Objectives. He stated the biological objectives could have repercussions for compliance and relicensing matters. He stated staff will be watching this process very closely, participating in working groups and stakeholder and scientific oversight committees.

Mr. Rabone reported that the United States Bureau of Reclamation signed a one-year Vernalis Adaptive Management Plan Agreement extension. Vice President Hultgren inquired regarding coordinating low flow studies with current regulatory requirements. Mr. Rabone stated staff can ask regulatory agencies for cooperation in consenting to temporary low flows that would vary from instream flow requirements, but did not think that consent would be probable or flow variances necessary to adequately complete the current studies.

President Hunter reported that at the Tulare Farm Show, he, Mr. Sweigard, three local dairy owners and ProTech GCS participated in an official signing ceremony of memorandums of understanding to cooperate on dairy bio-generation projects. He stated this endeavor received the Governor's blessing. He stated the proposed projects would create 3.5 MW of electrical power from dairy lagoons. Mr. Sweigard noted these projects will move forward with private funding. He stated District investment will involve operation of the renewable energy and staff time.

CLOSED SESSION

At 9:50 A.M. President Hunter called for closed session.

General Manager Sweigard stated the closed session was agendized to be held at the District's Headquarters office at 744 W. 20th Street, Merced, CA and that the meeting will thereafter be adjourned from that location.

Mr. Sweigard stated there is one item with four subsets for closed session, one of which has already been addressed. He stated the item is to confer with the General Manager and General Counsel to give direction regarding potential and/or existing litigation. He stated authority for this action is under Government Code Section 54956.

At 10:10 A.M. President Hunter convened the closed session with all Board members present and Deputy General Counsel Corbett Browning.

At 12:10 P.M. President Hunter reconvened the meeting into regular session with all Board members present. President Hunter reported the following closed session actions:

- The Board directed the General Manager to investigate the Tort Claim of Mr. Romero G. Ceja.
- The Board authorized the General Manager to hire an agent to perform a Personnel Policy Audit.
- The Board approved a budget of \$60,000 maximum for participation in legal action which challenges "the PG&E Initiative" based on "Objectively False" statements in the initiative. MID participation is contingent upon a minimum of three participants, including MID.

At 12:15 P.M., on motion of Vice President Hultgren, seconded by Director Pedretti, the Board unanimously adjourned the meeting.

The next regularly scheduled Board of Directors meeting is Tuesday, March 2, 2010, at 9:00 A.M.

APPROVED:



William E. Hunter, President



Suzy Hultgren, Vice President/Secretary