

MID Board Report

Modesto Irrigation District (MID) Board Meeting of Tue., Aug. 18, 2009

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The next MID Board meetings will be Aug. 25, Sept. 8 and 22

The MID Board Report is a summary of highlights of meetings of the MID Board of Directors and not a complete or official record of proceedings. Official records of proceedings of the MID Board of Directors are contained in the Minutes of meetings of the Board of Directors. For information about the Minutes, please contact the Office of the Board Secretary, 1231 Eleventh Street, Modesto, telephone 209 526-7360, 8 a.m. – 5 p.m., Monday – Friday, excluding holidays, or email Board@mid.org.

Don Pedro Board of Control Report – Director Cecil Hensley reported that year to date revenues are more than \$1.9 million and expenditures are just slightly above \$1 million. Given the state of the economy, there will be no fee adjustments for 2010. Also the campgrounds for the upcoming Labor Day weekend are filling fast with Fleming Meadows already completely booked.

2nd Quarter Financial Report and Budget Review

Assistant General Manager of Finance Lou Hampel and Assistant Treasurer Don Dermond presented the District's second quarter finances including these highlights:

- Total assets and liabilities are up \$112.5 million.
- Power supply costs are down \$7.5 million.
- Year end reserves are projected to be \$121.6 million.
- The General Fund portfolio allocation is Federal Agency Issues at 55 percent (\$60 million), Corporate Medium Term Notes at 26 percent (\$28 million) and Managed Pool Accounts (LAIF) at 19 percent (\$21 million). This allocation has returned a 3.4 percent earnings rate.

MID Rates and Financial Policy Workshop

Budget and Rates Administrator Jimi Netniss led a discussion regarding MID's electric rates and financial policy. To track with the current financial policy and per the resolution adopting a 14 percent revenue increase in 2009 implemented in three steps (January-June-September), a 16 percent rate increase would go into effect in September. Discussion included perhaps revising the current financial policy as follows and reviewing the details for possibly revising the September rate increase at the next Board meeting on Tuesday, August 25.

Current Financial Policy	Revised Policy
• Reserves at \$200 million by 2011	• Maintain reserves at \$100 million
• A 1.5 x debt coverage ratio	• A 1.1 x debt coverage ratio
• Maintain A+ stable bond rating	• Maintain an A stable bond rating

MID 2010 Budget Workshop

Staff continued with discussion of the 2010 MID budget. Review included details of the proposed operations and maintenance budgets for the Board of Directors, General Manager, Human Resources, Information Technology, Finance, Water Operations and Domestic Water Operations divisions.