



MERCED IRRIGATION DISTRICT

**** Important Drought Update ****

May 14, 2014

Dear Lake McClure Houseboat Permit Holder,

As you know, California is in the midst of the 3rd year of prolonged drought, and unfortunately the Merced Irrigation District ("MID"), Twin Lakes Management Company ("TLMC") and you – a recreational user of water in Lake McClure – are not immune to the severe effects of the drought.

Absent storms, it is almost certain that Lake McClure will be drawn down to historically low levels by late summer. As such, we have been preparing a multi-action plan to alleviate expected issues with houseboat and marina moorings on the lake. We have been in regular contact with the houseboating community while developing the plan, and we will continue to communicate with you as this year progresses. This letter is part of our communication effort and is intended to provide you with the most current information regarding the status of Lake McClure and our recommendations to you to protect your valuable recreational investment.

Initially, we are continuing to explore the possibility of adding a limited number of mooring lines that can be used at very low lake levels, which might allow some houseboats to remain on Lake McClure. However, this option will be very limited, if it can be implemented at all. You should not expect that this option will be available to you, and because we expect Lake McClure to drop to historically low levels in the near future, **we strongly encourage you to contact MID staff immediately to make arrangements to have your houseboat pulled from Lake McClure.** Although we will continue to work hard to develop options, our *recommendation* to pull your houseboat from the lake may turn into a *requirement* in just a few short weeks. You will be informed if this recommendation changes.

At your option and to help accommodate you and your fellow houseboaters, MID will allow you to store your houseboat, free of charge, on MID property until Lake McClure returns to more normal conditions.

Because we expect that many houseboaters will want to pull their houseboats from the lake, we are in the process of coordinating a group of companies that will be available to pull houseboats to safety. The hope is to reduce the overall cost to you through efficiencies of scale. Our goal is to begin pulling houseboats on or before June 16, 2014, with work to continue daily until everyone's houseboat is removed who so chooses. If you choose to remove your houseboat, please make sure that all of the contents of your houseboat are properly secured or removed pulling prior to your scheduled pulling date and time. This will ensure a quick and efficient process and again, keep your overall costs as low as possible.

At this time, we expect that the costs associated with pulling houseboats and installing new moorings that can be used at very low lake levels (if installed) will be initially paid by MID. However, every houseboat permit holder will be responsible for reimbursing MID their equal share of the cost. You will receive additional information regarding your share of the cost and billing procedures within the next few months. We understand the financial hardship this may cause, therefore we anticipate providing permit holders with payment options similar to the options provided for payment of annual mooring fees, (i.e. lump sum payment, monthly or quarterly payments, and/or some other equitable arrangement).

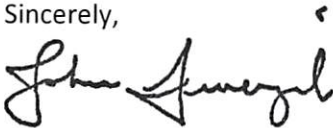
While we are coordinating this effort as a service to you and your fellow houseboaters, you may alternatively choose to make your own arrangements. Of course, any such plan will be your financial and logistical responsibility.

MID/TLMC staff will be calling each houseboat permit holder in the next few days to determine if you would like to have your houseboat pulled, what work (if any) you would like to do or have done to your houseboat while it is out of the water, and to answer any questions you may have. You do not need to wait for our call however, please feel free to call staff at 209-354-2950, press #6 to get on the schedule to have your houseboat pulled or to ask any questions.

The effects of this drought are unprecedented, and we truly appreciate your flexibility and understanding as we work through this year. This is shaping up to be a no-win situation for everyone, and I cannot stress the importance of working together, cooperatively, to make the best of our dismal circumstances.

As always and in addition to the contact number provided above, you may contact Jennifer Carter (209) 354-2802 or jcarter@mercedid.org. **More detailed information on the drought and our efforts to ease its effects are available at our websites www.lakemcclure.com or www.twinlakesmc.com.**

Sincerely,

A handwritten signature in black ink, appearing to read "John Sweigard". The signature is written in a cursive style with a small flourish at the end.

John Sweigard
General Manager, Merced Irrigation District
Chief Executive Officer, Twin Lakes Management Company