

II. CURRENT BUSINESS MATTERS

A. Presentation by JPIA Executive Member, Chuck Muse, regarding refund: Mr. Muse presented the District with an insurance refund check in recognition of its safety record, noting that nine staff members had completed twelve relevant courses.

B. Discussion and possible approval of construction water sales to Ocotillo Wells solar farm: Mr. Rolwing referred to a handout summarizing plans for dust control at the proposed Ocotillo Wells solar farm. Director Brecht felt the two water credits planned to be acquired for mitigation were insufficient, and recommended eight credits. Jim Whalen of Gildred Companies replied that eight would be acceptable, and Mr. Rolwing agreed to prepare a codicil memorializing the agreement. Bob McKee pointed out that there are wells on the solar farm property, and he wondered why BWD construction water was required. President Hart explained that the wells would provide sufficient water for ongoing maintenance once the facility was constructed, but more was needed during construction. *MSC: Brecht/Tatusko agreeing to provide water to the Ocotillo Wells solar farm during construction at \$5.50 per unit, contingent upon agreement to the codicil setting forth today's discussion.*

C. Discussion of Executive Order B-29-15 regarding emergency twenty-five percent (25%) mandatory water use reductions amid the California drought: Mr. Rolwing invited the Board's attention to his comment letter to the State Water Resources Control Board, included in his Manager's Report in the Board package. The SWRCB Board will consider adoption of its proposed framework for the mandatory water use reductions on May 5 or 6. Director Brecht suggested the Due Diligence Committee work with Mr. Rolwing to prepare additional comments. Some of the requirements do not make sense for Borrego Springs.

Mr. Rolwing noted that he is still getting requests for irrigation audits, which the District offered at one time as part of its conservation program. He will prepare a breakdown of the various costs associated with this program.

President Hart brought up a recent court case indicating that tiered water rates may be indefensible. Director Brecht explained that tiered rates may still be imposed, but must be tied to the actual cost of providing water and different levels of usage. Mr. Rolwing distributed a handout analyzing the case.

D. Discussion of Groundwater Sustainability Plan (GSP) funding options: Director Brecht pointed out that BWD needs to find out whether the Borrego Water Coalition is on board with BWD's approach to identifying GSP funding options. BWC will discuss it at their next meeting, and if agreed, an engineering firm could be retained to develop cost estimates.

Mr. McKee expressed concern about the expenditure of funds for solar energy at the wastewater treatment plant, in view of the District's goal to become credit-worthy. Director Brecht explained that the goal is to become credit-worthy by 2016-17. He added that funds for the solar project came from reserves and will save money for the District in the long run.

E. Discussion and possible approval of Resolution 2015-04-01, to accept terms and conditions for a loan from BBVA Bank to refinance Viking Ranch loan: President Hart introduced the item, which would provide a funding mechanism to pay off the existing note on the Viking Ranch loan and save the District approximately \$1 million. Director Brecht noted that in the last "Whereas" in the proposed Resolution, the date of BBVA Compass Bank's proposal should be changed to April 21, 2015. He went on to summarize the terms of the proposal, which would be a taxable obligation for an amount up to \$1.25 million, a term of ten years, and an interest rate of approximately 4.9 percent. The quarterly payments would be \$36,000. The District will get a \$300,000 discount on the original note and save \$693,000 in

interest. The taxable status was chosen so the District would have the flexibility to dispose of land or water credits during the term of the loan if it so chooses. **MSC: Brecht/Delahay adopting Resolution 2015-04-01, accepting the terms and conditions for a loan from BBVA Compass Bank to refinance the Viking Ranch loan.** President Hart asked Kim Pitman and the Due Diligence Committee to investigate opportunities to do business with BBVA in other areas.

F. Prop 1 funding workshop review of March 25, 2015 and April 16, 2015: Director Tatusko summarized his written report, included in the Board package, concerning the workshops he and Mr. Rolwing attended relative to Proposition 1 funding. There is an allocation of \$1.1 billion for drinking water storage, wastewater treatment, recycling and water quality monitoring and improvements. This includes \$300 million in low-cost loans and \$300 million in grants, beginning in July 2015. Some of the funds are earmarked for small communities and disadvantaged communities, for both of which Borrego Springs qualifies. The Operations and Management Committee has suggested some suitable projects for applications, and Mr. Rolwing will continue to work on this with the Committee and staff. Director Tatusko will prepare a spreadsheet for the next meeting, identifying options and potential costs.

G. Review of Planning Calendar: In response to questions from Director Brecht, Mr. Rolwing reported that the Raftelis spare capacity cost analysis would be available next week, the CASGEM water level data has been submitted, and Ms. Pitman is working on the draft budget document. President Hart asked that a CIP meeting be scheduled. Director Brecht recommended that draft MOU with the County and the proposal for mechanism(s) to pay for GSP development be moved to September. Director Brecht requested a draft budget document and draft rate resolution for the May workshop, and President Hart requested that the water credit policy also be included in that Agenda.

III. STAFF REPORTS

A. Financial Reports – March 2015: Ms. Pitman noted that she had added a separate line for groundwater management accounting. She offered to answer questions on her written report.

B. General Manager/Operations Report: Mr. Rolwing responded to comments concerning his written report. Mr. McKee expressed concern that Borrego's status as a disadvantaged community for grant purposes was in jeopardy because the high percentage of retirees (per the Social Security website) was not taken into consideration. Mr. Rolwing pointed out that many retirees have supplemental income sources.

C. Water and Wastewater Operations Report – March 2015:

D. Water Production/Use Records - March 2015:

The Water and Wastewater Operations Report and the Water Production/Use Records were included in the Board package.

VI. ATTORNEY'S REPORT

None

VII. COMMITTEE REPORTS & PROPOSALS

Ad Hoc Committees

1. Audit Committee

Director Brecht reported that the Committee was working with staff on the financial highlights and transmittal letter for this year's audit. He hoped to have the audit in early September.

2. Due-Diligence

Director Brecht reported that the Committee was continuing to work on the Viking refinancing, the GSP economic analysis and the water pricing update for FY 2016. He hoped to meet with counsel regarding a funding mechanism for GSP development costs, and was awaiting regulations from the SWRCB in preparation for work on the mandatory water reductions.

The Committee is also working with counsel on a letter to the City Council urging that the application to serve as Groundwater Sustainability Agency be submitted now, instead of waiting until 2017. Director Brecht reported he attended a lecture sponsored by ABDNHA, featuring a UCI professor who also works for the Jet Propulsion Laboratory. The topic was the use of satellites to measure groundwater extraction. Director Tatusko volunteered to draft a thank-you letter to ABDNHA, and President Hart suggested he include a request that if they schedule future presentations, the BWD Board have an opportunity to meet with the lecturer(s) ahead of time.

3. Strategic Planning Committee/IRWM

President Hart reported that the Committee met with the BWC and has prepared three briefing papers for their next meeting to clarify the BWC's recommendations. The Due Diligence Committee has taken over discussions with the County on the GSP, and Director Tatusko said they would continue.

4. Executive Committee

President Hart reported that the Committee had been working on the Club Circle Golf Course lease and an update of the water credit policy.

5. Operations & Management Committee

Director Delahay noted that most of the Committee's activities had been discussed previously. Director Tatusko reported that they met with Mr. Rolwing, David Dale, Greg Holloway, Cody Cox and a representative of JC Labs to discuss the Capital Improvement Plan.

6. Parks Committee

Director Brecht explained that the County has \$2 million dedicated to development of a park in Borrego, but needs to identify a funding mechanism for operations and maintenance. Mr. Rolwing announced that the County Parks and Recreation Department has scheduled a "listening session" on April 29, 4:30 p.m. at the High School to discuss this. The Board agreed to publicize it via the BWD website and e-mail.

7. CFD Committee

Director Brecht reported that T2 Borrego is talking to legal counsel about restructuring the Community Facilities District debt. So far the terms appear advantageous.

VI. INFORMATION ITEMS

A. California Assembly members push to speed up water storage: Director Tatusko invited the Board's attention to an article in the Board package regarding pending legislation which would remove or modify certain CEQA requirements to facilitate construction of new water storage facilities.

B. Mr. Rolwing reported that a BWD customer received a call, purportedly from BWD, asking to inspect their home. The District does not do this by telephone. It was agreed to

publicize the issue in the newspaper, on the District website, via e-mail and in the monthly water bills. Law enforcement will also be notified.

VII. CLOSED SESSION

Conference with Legal Counsel – Anticipated Litigation

A. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code section 54956.9. One potential case: The Board adjourned to closed session at 11:05 a.m. The open session reconvened at 1:00 p.m. There was no reportable action.

VIII. CLOSING PROCEDURE

There being no further business, the Board adjourned at 1:00 p.m. The next Special Meeting of the Board of Directors is scheduled for May 19, 2015 at the Borrego Water District. The next Regular Meeting of the Board of Directors is scheduled for May 27, 2015 at the Borrego Water District.