

President Hart asked those present if there were other suggestions they would like added to the conservation tips in the Board package. One idea was to include assistance in removal of trees or oleanders, perhaps offering free consultation with the possibility of a paid contract thereafter for performance of the work involved. Bob McKee suggested narrowing the District's boundaries so only residential and commercial customers are included in the 25 percent reduction, but President Hart explained that they are the only ones affected anyway. Mr. McKee urged the Board to include commercial and irrigation customers in the tiered rate system.

B. Discussion and possible approval of Raftelis services for Executive Order Reduction Analysis and RHGC Fee Update: *MSC: Brecht/Tatusko approving Raftelis' services for Executive Order Reduction Analysis and Rams Hill Golf Course Fee Update as outlined in their memorandum of May 4, 2015.*

C. Discussion of Prop 218 for future tiered water rates in the Fall: President Hart explained that this fall the Board plans to initiate a Proposition 218 process to recoup losses from the recent Executive Order and the delay in rate increases. Director Brecht recommended a reduction in base rates, since they don't provide conservation incentives, and dramatic changes to the tiered rates to motivate water use reduction. Mr. Rolwing reminded the Board not to lose sight of the Groundwater Sustainability Plan. Director Brecht suggested addressing the GSP in the fall and delaying the 218 process until spring.

D. Discussion and possible approval of revised Water Credit Policy: A revised policy, providing that AG-1 credits may be substituted for AG-2 credits by a ratio of 1.33 AG-1 credits per 1 AG-2 credit, was included in the Board package. *MSC: Brecht/Tatusko approving the revised Water Credit Policy.*

E. Review of draft budget: Kim Pitman summarized the changes in itemized expenses as compared to last year. Director Brecht reported that the Operations and Management Committee and the Due Diligence Committee had reviewed the draft budget. He recommended that the omission of the new solar facility (in case it is not completed by the start of the new fiscal year) and the inclusion of a needed new backhoe be included in the narrative. Director Brecht further requested the addition of contingency reserves and a new line for rate stabilization.

Discussion followed regarding an increase in the base rate. Should it be six, twelve or nineteen percent? The majority favored nineteen percent. Director Delahay recommended that when the District goes through the next 218 process, the fixed rate be reduced and the commodity rates increased. At the next meeting the Board will consider a resolution adopting the budget, with maximum increases under the existing 218 approvals, to be effective until the next 218 process in the fall or spring.

F. Discussion and possible approval of Resolution 2015-05-01 AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND PROMISSORY NOTE AND RELATED MATTERS, for a loan from BBVA Bank to refinance Viking Ranch loan: *MSC: Brecht/Tatusko adopting Resolution 2015-05-01, Authorizing the Execution and Delivery of a Loan Agreement and Promissory Note and Related Matters, for a loan from BBVA Bank to refinance Viking Ranch loan; and authorizing President Hart and Secretary/Treasurer Tatusko to sign it.*

G. Discussion and possible approval of updating billing system with Springbrook: Ms. Pitman invited the Board's attention to her report in the Board package, outlining the history of the District's billing systems and a new proposal from Springbrook. The current vendor since 1998, Datastream, is closing its business. Ms. Pitman was impressed with the new system, and it will save the District money. On-site training and storage will be included. *MSC: Brecht/Estep approving the updated billing system with Springbrook, subject to review of the contract by counsel, and authorizing Mr. Rolwing to sign it.*

H. Discussion of potential agenda items for May 27th board meeting: Items for the next Agenda will include an update on the solar system, Proposition 1 funding, approval of the budget, amendment to the contract with Green Desert Landscape for maintenance of the Club Circle Golf Course, legal options for the 25 percent water use reduction, a letter from the Borrego Water Coalition, publication of conservation suggestions and resources, and a closed session.

III. INFORMATIONAL ITEMS

A. Letters to ACWA/JPIA and ABDNHA: Director Tatusko's letters to ACWA/JPIA (thanking them for the safety recognition rebate check) and ABDNHA (thanking them for the presentations on desert living sustainability) were included in the Board package.

IV. 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 11:15 a.m., and the open session reconvened at 12:00 p.m. There was no reportable action.

V. CLOSING PROCEDURE

There being no further business, the Board adjourned at 12:00 p.m. The next Regular Meeting of the Board of Directors is scheduled for May 27, 2015 at the Borrego Water District.