

MINUTES of the Special Meeting of the Board of Directors of Dudley Ridge Water District held on February 13, 2019 at 1:00 p.m. at the office of the District, 286 W. Cromwell Ave., Fresno, California.

DIRECTORS PRESENT: Larry Ritchie, Vice President
Steve Jackson
Bernard Puget

DIRECTORS ABSENT: John Vidovich

OTHERS PRESENT: Dale Melville, Manager-Engineer
Rick Besecker, Assessor-Collector-Treasurer
Joseph Hughes, Legal Counsel (telephone)
Kimberly Brown, Wonderful Orchards
William Phillimore, Wonderful Orchards
Larry Bross, Ssorb, Inc.
Mark Grewal, Angiola Water District
Joe Hopkins, Provost & Pritchard Consulting Group

Vice President Ritchie called the Board meeting to order at 1:00 p.m.

PUBLIC PARTICIPATION

No members of the public wished to address the Board.

MINUTES

Director Jackson made a motion to approve the minutes of the December 12, 2018 Special Board Meeting. The motion was seconded by Director Puget; after discussion the Board voted to adopt the motion. Following the vote, Vice President Ritchie announced that the Directors voted as follows:

Vacant	Ritchie	Jackson	Vidovich	Puget
	Aye	Aye	Absent	Aye

VACANCY ON BOARD OF DIRECTORS

The Manager referred the Board to the January 17, 2019 letter of resignation from William Phillimore, and the January 17, 2019 letter of recommendation from Wonderful Orchards for Kimberly Brown to fill the vacant position. Director Puget made a motion to appoint Kimberly Brown to fill the vacant position. The motion was seconded by Director Jackson; after discussion the Board voted to adopt the motion. Following the vote, Vice President Ritchie announced that the Directors voted as follows:

Vacant	Ritchie	Jackson	Vidovich	Puget
	Aye	Aye	Absent	Aye

The Manager gave Director Brown the oath of office, thereafter he noted that the President position of the Board remained unfilled. Director Ritchie made a motion to appoint Kimberly Brown to the position of President of the Board of Directors. The motion was seconded by Director Jackson; after discussion the Board voted to adopt the motion. Following the vote, Vice President Ritchie announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

Vice President Ritchie then turned the meeting over to President Brown.

The Manager then noted that there was also a vacancy on one of the District positions on the Southwest Kings GSA Board. Director Puget made a motion to appoint Kimberly Brown to the position on the SWKGSA Board of Directors. The motion was seconded by Director Jackson; after discussion the Board voted to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

The Manager then referred the Board to Resolution 2019-02, attached to and made part of these minutes, in recognition of William D. Phillimore's service to the District. The resolution was read aloud by President Brown, after which Director Ritchie made a motion to adopt Resolution 2019-02. The motion was seconded by Director Jackson; after discussion the Board voted to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

NON AGENDIZED ITEMS

The Manager then proposed that two items be added to the agenda that came up since the posting of the agenda:

- Reconciliation of 2018 charges (to be discussed with Financial Reports)
- Buena Vista litigation re: KWBA (to be discussed in closed session)

President Brown noted that four votes were required to add these items to the agenda. Director Jackson made a motion to add both items to the agenda. The motion was seconded by Director Puget; after discussion the Board voted to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

FINANCIAL REPORTS AND ACTIONS

Mr. Besecker presented to the Board financial reports prepared for the current period ending February 13, 2019. The reports showed the following cash balances in each of the respective accounts after bills proposed for payment on February 13, 2019.

BANK ACCOUNTS	
General (Checking) Fund (Bank of America)	\$ 3,568.39
Operating (Checking) Fund (Bank of America)	200,886.85
Investment Fund (LAIF Account)	366,462.78
Investment Fund (CalTrust Short Term Account)	304,635.70
Investment Fund (CalTrust Medium Term Account)	<u>10,135.77</u>
TOTAL BANK ACCOUNTS	\$ 885,689.49

The reports also included the cash receipts journal, the aged receivables report, the 2019 budget comparison report for the period from December 13, 2018 to February 13, 2019, and the quarterly investment report for the quarter ending December 31, 2018. Director Jackson made a motion to accept the Treasurer's Report. The motion was seconded by Director Puget; after discussion the Board voted to adopt the motion. Following the vote, President Brown announced that the Directors voted unanimously as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

Next, Mr. Besecker reviewed with the Board the schedule of warrants to be ratified as paid by the District for the period from December 13, 2018 to February 13, 2019 as shown below.

Payee	Amount
ACWA	\$ 4,365.00
CA Farm Water Coalition	500.00
Department of Water Resources	930,466.00
Ernst & Young US LLP	1,393.00
Klein Denatale Goldner LLP	5,522.00
Pacific Gas & Electric	136.03
Provost & Pritchard Consulting Group	17,142.93
Valley Ag Water Coalition	600.00
Total	<u>\$ 960,124.96</u>

Director Jackson made a motion to ratify the schedule of warrants as paid. The motion was seconded by Director Puget; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

Next, Mr. Besecker reviewed with the Board the schedule of warrants to be approved for payment by the District for the period from December 13, 2018 to February 13, 2019 as shown below.

Payee	Amount
Ag Energy Consumers Assoc	\$ 500.00
Corcoran Publishing Co Inc	162.00
Department of Water Resources	665,229.00
Kern Water Bank Authority	132,275.00
Manuel Gonzalez Concrete Construction	80,300.00
Pacific Gas & Electric	143.18
Wheeler Ridge-Maricopa WSD	1,075.50
Wonderful Orchards	7,000.00
Klein Denatale Goldner LLP	837.00
Provost & Pritchard Consulting Group	23,423.27
Total	<u>\$ 910,944.95</u>

Director Jackson made a motion to approve the schedule of warrants for payment. The motion was seconded by Director Ritchie; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

The Manager noted that he had not received a December revision to the DWR charges, so the budget adopted at the December board meeting remains unchanged; he then recommended that the Board adopt the 2019 charges per the February 6, 2019 memo, attached to and made part of these minutes. After a short discussion, Director Jackson made a motion to adopt the 2018 charges as presented. The motion was seconded by Director Puget; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

Next, Mr. Besecker reviewed the Recommended Adjustments to the 2018 Charges, attached to and made a part of these minutes, noting that the Treasurer would be invoicing two water users for an additional \$107,149.48 for the under-billed 2018 Water Toll charges. Director Jackson made a motion to approve the Recommended Adjustments to the 2018 Charges. The motion was seconded by Director Puget; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

Next, the Manager reported that Cuttone & Mastro CPAs had quoted \$7,325 to perform the 2018 audit and State Controller's Report filing, noting that this was a 4% increase over 2017. Director Jackson made a motion to engage Mr. Cuttone to perform the audit. The motion was seconded by Director Puget; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

2019 BENEFIT ASSESSMENT

At 1:23 p.m. President Brown reconvened the Board as the Board of Equalization and opened the hearing to hear any objections to the valuations for the 2019 benefit assessments. The Treasurer reported that the hearing had been properly noticed and that the District had received no written or oral objections. The Treasurer reviewed the 2019 assessment fund budget with the Board, a copy of which is attached to and made a part of these minutes. Hearing no objections from the public or the Directors on the proposed valuation of District lands, at 1:25 p.m. President Brown closed the hearing.

Director Jackson made a motion to adopt Resolution No. 2019-01, attached to and made a part of these minutes, setting the assessment rate for 2019 at \$1.172120/\$100 valuation. The motion was seconded by Director Puget; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown publicly announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

WATER SUPPLY REPORTS

The Manager reviewed the current water report with the Board, noting that the 2019 allocation of 15% allowed adequate pumping capacity at Banks to move all of the transfer water from July through September, and that as a result of the current storm activity, he expected an allocation increase shortly.

Regarding the Kern Water Bank, the Manager noted that the KWB was currently in recharge mode.

Regarding the San Gabriel Valley Municipal Water District, the Manager reported that they had up to 55 cfs of capacity available for District water users.

Regarding the Irvine Ranch WD 1:1 exchange program, the Manager reported that DWR was processing the agreement.

Regarding the Westside districts, the Manager reported the following:

- DWR has concurred with the District that the existing SWPAO agreement allows the Westside districts the option to purchase the “additional water” portion of Palmdale Water District’s Butte County’s Table A transfer water.
- Regarding water from Brown’s Valley ID, the Westside district agreed to prioritize BVID’s water above that available from the Dry Year Transfer Program (“DYTP”) in both delivery and equivalent pricing.
- The Manager was working on an agreement to transfer up to 11,000 AF from Santa Clarita Valley WA in 2019.
- The Manager was waiting to hear back on a proposal for a multi-year transfer with Merced ID.
- The Westside districts are being included in an EA/IS being prepared by SLDMWA for Sacramento River DYTP transfers in 2019.

Regarding the SWC DYTP, the Manager reported that the 35% carriage loss estimates were confirmed by DWR and that they would try to estimate 2019 losses by March or April. He noted that two landowners had requested to be included in the program and that he recommended participation per the landowners’ requests. Director Puget made a motion to direct staff to participate in the program on behalf of the requesting landowners. The motion was seconded by Director Jackson; after discussion, the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

STATE WATER PROJECT ISSUES

The Manager reported that yesterday, the Governor announced reducing the California WaterFix (“CWF”) facilities from two pipelines to one; the impacts will take some time to

evaluate, but initial response from DWR was that an additional \$20M in permitting and planning would be needed and the CWF would be delayed 2½ years. With the reduced capacity and delay, unit costs would likely increase and the availability of Article 21 water would be expected to be reduced; both of these items, could affect the viability of the CWF for the District and other SWP contractors.

Regarding the Agreement in Principle (“AIP”) for the water management amendment, most urban contractors have taken actions to support the AIP; the District is still waiting to see the written language we requested early last fall to expedite the approval process for carryover transfers when San Luis Reservoir is projected to fill. With the slowdown in the CWF process, the Board expressed the need for management to push the water management portions of the amendment forward, rather than accept the amendment being tied to the CWF’s schedule.

On other Statewide issues, the SWP is facing potential water supply impacts over the next year as summarized below:

- Coordinated Operations Agreement – SWP loss of 137 af in an average year and 256 af in a critically dry year;
- Water Quality Control Plan - projected loss of 1.3-1.5 maf (combined CVP/SWP);
- Voluntary Settlement Agreement – no loss, but \$7/af on deliveries;
- WIIN Act – up to 300,000 af/y increase to SWP; and
- Long-Term Operations / CESA - up to 300,000 af/y increase to SWP;

Mr. Phillimore noted that there is an increased concern from urban SWP contractors that the two pipeline CWF was too expensive without full ag participation.

DISTRICT POLICY AND OTHER ISSUES

Regarding the District’s Bylaws, the Manager recommended approval of the Bylaws, which were changed to reflect an earlier meeting time for Regular board meetings; he noted that approval requires a 4/5 vote of the Board, after which they would need to be approved by the County Board of Supervisors before they are in effect. Director Puget made a motion to adopt the Bylaws, which are attached to an made part of these minutes. The motion was seconded by Director Jackson; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

Regarding the request from Ssorb, Inc. the Manager reported that the ad hoc committee had met during the December board meeting and concurred with the Manager’s recommendation in his December 5, 2018 memo to the Board to clarify restrictions on KWB water rights. Director Jackson recused himself and left the room. Director Puget made a motion to approve a minute action, which is attached to an made part of these minutes, clarifying KWB water rights. The motion was seconded by Director Ritchie; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Recused	Absent	Aye

At this time, Director Jackson returned to the meeting.

Regarding the State requirement for public agencies to maintain a website, the Manager reported that Provost & Pritchard Consulting Group had proposed to create the website for an estimated \$5,500; annual maintenance and updates are estimated at \$1,500/year. Director Jackson made a motion to engage Provost & Pritchard Consulting Group to develop the website. The motion was seconded by Director Puget; after discussion the Board voted unanimously to adopt the motion. Following the vote, President Brown announced that the Directors voted as follows:

Brown	Ritchie	Jackson	Vidovich	Puget
Aye	Aye	Aye	Absent	Aye

Next, the Manager that he had revised several of the dates in the District Priorities for 2019 table, which is attached to and made part of these minutes.

OTHER BUSINESS

The Manager reported on the following, none of which require Board action.

- The Manager and Joe Hughes jointly decided that publishing the updated Rules & Regulations was not worth the benefits of doing so;
- Discussions among DWR and the SWC Audit-Finance Committee are indicating that SWP costs could increase 3.48/af on deliveries due to Hyatt-Thermalito repairs and potentially \$300,000 (the District share) in cost/debt reconciliation; and
- Annual 700 Forms are due to the District prior to April 1, 2019.

EXECUTIVE (CLOSED) SESSION

At 2:15 p.m. President Brown announced that the Board would convene in the scheduled closed session to confer with its Counsel regarding pending litigation (Govt. Code, § 54956.9(d)(1)).

RETURN TO OPEN SESSION

At 2:50 p.m., President Brown closed the Executive Session. Upon returning to the open session, President Brown reported that the following three reportable actions were taken during closed session.

- Related to the District's action to respond to DWR's validation action to *Department of Water Resources v. All Persons Interested in the Matter of the Authorization of California WaterFix Revenue Bonds, Etc. (Sacramento County Superior Court Case No. 34-2017-00215965)* and subsequent District action to file an answer in the reverse validation action filed by Food and Water Watch and Center for Food Safety against the Metropolitan Water District of Southern California, the Board unanimously authorized the filing of an amended answer to the first amended complaint.
- Related to DWR's validation action to *Department of Water Resources v. All Persons Interested in the Matter of the Authorization of California WaterFix Revenue Bonds, Etc. (Sacramento County Superior Court Case No. 34-2017-00215965)* and implications of the current language in the Contract Extension Amendment, Director Jackson motioned, Director Puget seconded, and the Board unanimously authorized the President to use her best judgment in deciding when and if to execute the Contract Extension Amendment.
- Related to litigation filed by Buena Vista Water Storage District against the Kern Water Bank Authority ("KWBA") and its participating members (*Kern County Superior Court Case No. BCV-19-100122*), the Board unanimously authorized Legal Counsel to agree to dismissal of the District and the other KWBA participating members from the litigation.

DATE, TIME, AND LOCATION OF NEXT BOARD MEETING

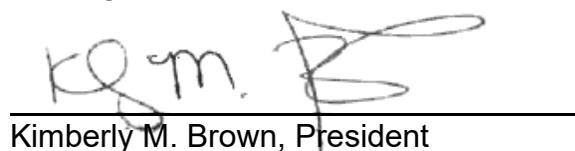
The Manager noted that the next Board meeting would likely be in May.

ADJOURNMENT

There being no further business to come before the Board, at 2:51 p.m. President Brown adjourned the meeting.


Steven D. Jackson, Secretary

APPROVED:


Kimberly M. Brown, President