

**MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
ARVIN-EDISON WATER STORAGE DISTRICT
July 14, 2020**

Pursuant to Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and guidance by the California Department of Public Health dated March 16, 2020, this meeting was conducted via WebEx. There was not a physical location for this meeting.

CALL TO ORDER

President Edwin Camp called to order the monthly meeting of the Board of Directors' of the Arvin-Edison Water Storage District at the hour of 12:00 p.m., with a quorum being then and there present remotely, to wit:

Edwin Camp, President
Jeffrey Giumarra, Vice President
John Moore, Secretary-Treasurer
Catalino Martinez
Dennis Johnston
Derek Yurosek (arrived @ 12:15 p.m.)
Kevin Pascoe
Charles Fanucchi
Ron Lehr

District staff present:

Jeevan Muhar, Engineer-Manager
David Nixon, Deputy General Manager
Steve Collup, Director of Water Resources
Mark Dawson, Engineer*
Fernando Ceja, District Engineer*
Christy Byon, Senior Accountant*

District consultants present:

Scott Kuney, Esq., Law Offices of Young Wooldridge, LLP
Randy Hopkins & Sean Smith, Provost & Pritchard Engineering Group*
Geoff King, Scott Westwall & Danhira Millan, Barbich Hooper King Dill
Hoffman Accountancy Corporation (arrived @ 1:50 p.m. & departed @ 2:30 p.m.)
John Bezdek, Esq., Water and Power Law Group, PC (closed session only)
Todd Robins, Esq., Robins Borgheim, LLP (closed session only)

Visitors and Guests:

Doug Gosling, Esq.*
George Cappello, Grimmway Enterprises*
Matt Vickery, Grimmway Enterprises*
Matt Brady, South Valley Farms*
Tim Gobler, Wonderful*
Bruce Berretta, Ag Wise Farms*
Brice Jones, SWIIM*
Rick McCombs, Bermad Inc.*

*Note: Departed at the start of Closed Session 2:15 p.m.

RECOGNITION OF VISITORS AND GUESTS

All visitors were recognized and formally welcomed.

CORRECTIONS OR ADDITIONS TO THE AGENDA OF ITEMS, AS AUTHORIZED BY GOVERNMENT CODE §54950 et seq.

Mr. Muhar noted the need to rearrange the posted Agenda to accommodate the "Public Hearing" at 1:00 p.m. and to have the Audited Financial Statements be last on the agenda to accommodate meeting logistics including closed session topics.

OPPORTUNITY FOR PUBLIC COMMENT

There were no public comments.

CONSENT AGENDA

President Camp asked if there were any questions concerning the Consent Calendar, which items were detailed with staff reports in the board packet(s). The following is the list of Consent Agenda items:

- CA-1) **Agenda Item 5:** Approval of Minutes of Board of Directors' meeting held on June 9, 2020
- CA-2) **Agenda Item 6:** Approval of Treasurer's Report for June 30, 2020 and Delinquency List for Water Year 2019 in the amount of \$70,553.18
- CA-3) **Agenda Item 7:** Approval of memberships, contributions, and/or call for funds
 - a) Kern County LAFCO's Operating Costs for Fiscal Year 2020-21 in the amount of \$7,907
 - b) Friant Water Authority Call for Funds in the amount of \$62,807.76

Director Martinez motioned, seconded by Director Lehr, and with the following vote to wit for three (3) Consent Agenda items:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi,
Martinez and Pascoe
 No: None
 Abstain: None
 Absent: Yurosek

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ACTION ITEMS

RESOLUTION NO. 20-15, ORDERING PAYMENT OF ACCOUNTS AND CLAIMS (June 2020 - Warrant Numbers 41954 - 42079)

Mr. Nixon noted that there were additional warrants, totaling approximately \$381K, which brings June disbursements to approximately \$4.1M. Mr. Nixon then presented a form of Resolution; whereupon, Director Johnston motioned, seconded by Director Fanucchi, with the

following vote to wit: A copy of Resolution No. 20-15, is on file in the Resolution book and is hereby made a part of these minutes.

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi,
Pascoe and Martinez
Nos: None
Abstain: None
Absent: Yurosek

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Resolution No. 20-16, ADOPTION OF INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING AND REPORTING PROGRAM FOR THE SUNSET GROUNDWATER RECHARGE FACILITY AND APPROVAL OF THE SUNSET GROUNDWATER RECHARGE FACILITY PROJECT

Mr. Muhar provided background information regarding the Sunset Groundwater Recharge Facility, which is being developed to assist with Sustainable Groundwater Management Act compliance. Mr. Muhar stated the CEQA document does provide mitigation measures to deal with biological and cultural surveys. It was noted that Kern Delta Water District, a Project partner, will also take Board action at their upcoming meeting. Director Moore motioned, seconded by Director Martinez and unanimously carried by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi,
Pascoe and Martinez
Nos: None
Abstain: None
Absent: Yurosek

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Director Yurosek Joined the Meeting

RESOLUTION NO. 20-18, AUTHORIZING APPLICATION TO THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION FOR FISCAL YEAR 2021 DROUGHT RESILIENCY PROJECT FUNDING OPPORTUNITY ANNOUNCEMENT BOR-DO-20-F002

Mr. Muhar stated there is federal grant funding available and recommended the Board pursue an application for the Forrest Frick Pumping Plant Eastside Canal Intertie Project. Mr. Muhar stated Provost & Pritchard's general task order covered such grant opportunities, which task order was previously approved by the Board. Randy Hopkins then provided a presentation regarding the Project details including grant requirements and a 50/50 cost share.

Mr. Muhar then presented a form of Resolution, whereby Director Martinez motioned, seconded by Director Lehr, and unanimously carried by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi,
Pascoe, Martinez, and Yurosek.
Nos: None

Abstain: None
Absent: None

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RESOLUTION NO. 20-19, AUTHORIZING APPLICATION TO THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION FOR FISCAL YEAR 2021 WATER AND ENERGY EFFICIENCY GRANT FUNDING OPPORTUNITY ANNOUNCEMENT BOR-DO-21-F001

Mr. Muhar stated this second federal grant application would be to provide funding of various new pipelines that would deliver surface water, when available, to groundwater service area lands.

Randy Hopkins then provided a presentation regarding the project details including grant requirements including a 50/50 cost share. It was noted that District had multiple eligible pipeline projects and staff/consultants would score each project internally to determine which pipeline project would be included in the grant application.

Mr. Muhar then presented a form of Resolution, whereby Director Johnston motioned, seconded by Director Pascoe, and unanimously carried by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi,
Pascoe, Martinez, and Yurosek.

Nos: None

Abstain: None

Absent: None

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FRIANT DIVISION AND FRIANT WATER AUTHORITY (FWA)

Friant-Kern Canal Subsidence

Mr. Collup provided an update on the Friant-Kern Canal Subsidence issues, which included detailed reports in the board packet, involving a) the Capacity Correction Project, b) financing options, c) investment by Friant Contractor's resulting Zone 3 capacity, and d) Project Construction Contracting options. There was a long discussion and questions regarding the Project and funding/financing needs. President Camp provided additional information including on-going GSA negotiations, staff working with District bond and tax counsel, and conveyance modeling that is highlighting additional canal restrictions north of the Project near Fresno.

Public Hearing at 1:00 p.m. to hear comments or objections regarding Fiscal Year 2020-2021 Preliminary Roll of General Administrative and General Project Service Charges, and to finalize both the preliminary roll and the rate for said respective charges to be applied to the categories of land as set forth in said roll; and Resolution No. 20-17, RESOLUTION FINALIZING ROLL OF GENERAL ADMINISTRATIVE AND GENERAL PROJECT SERVICE CHARGES; FIXING RATES PER ACRE FOR SAID CHARGES; ORDERING THAT THE SAME BE COLLECTED FROM OWNERS OF LANDS RECEIVING THE BENEFIT

THEREOF; AND ELECTING THAT SUCH CHARGES FOR FISCAL YEAR 2020-2021 TO BE COLLECTED BY THE COUNTY OF KERN AS PROVIDED IN ARTICLE 4, CHAPTER 13, PART 9 OF DIVISION 14 (COMMENCING WITH SECTION 47980) OF THE CALIFORNIA WATER CODE

Mr. Camp opened the scheduled "Public Hearing" to solicit any comments or objections to the final fixing of the rates and the roll of General Administrative and General Project Service Charges for fiscal year 2020-2021. There were no public comments and no landowners in attendance so the public hearing was declared closed.

Mr. Nixon then reviewed the timetable for levying the General Administrative and General Project Service Charges (GA&GP) for 2020-2021, as well as the last two Proposition 218 Elections that provides this Board the authority to set the District's GP charges, of which the Board voted to increase its GP charges five percent (5%). Mr. Nixon further reviewed the annual process, with the adoption of Resolution No. 20-12, which designated the "Preliminary Fixing" of the GA&GP Charges. Mr. Nixon added that the "Notice of Filing of Preliminary Roll" was published in the Bakersfield Californian twice, fulfilling the legal requirement that the "Public Notice" be published once a week for two successive weeks commencing on June 8, 2020. Mr. Nixon then presented the "Notice to Landowners," which was mailed prior to June 28, 2020 to each of the title holders of land(s) within the District, pursuant to Division V of the Arvin-Edison Water Storage District "Rules and Regulations," along with a copy of the "Notice of Filing of Preliminary Roll."

Mr. Nixon then presented to the Board three (3) exhibits in support of jurisdictional and other matters: (A) the original "Notice of Filing of Preliminary Roll of General Administrative and General Project Service Charges, the Preliminary Rates Applicable thereto, and of Time and Place of Hearing of Objections to the Roll"; (B) the "Proof of Publication" document received from the Bakersfield Californian, published during the weeks of June 8 and June 26, 2019; and (C) the notarized "Affidavit of Mailing of Notice of Public Hearing" mailed on or before 4:00 p.m. June 28, 2019 to all landowners in the Arvin-Edison Water Storage District.

Mr. Nixon noted no written objections or comments had been received and several telephone calls from landowners with general inquiries about the GA&GP charges, but there were no requests for changes to the roll or changes to the charges.

Mr. Nixon then presented a form of resolution, whereby Director Martinez motioned, seconded by Director Pascoe, and unanimously carried by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe,
Martinez and Yurosek
Nos: None
Abstain: None
Absent: None

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Resolution No. 20-17, FINALIZING ROLL OF GENERAL ADMINISTRATIVE AND GENERAL PROJECT SERVICE CHARGES; FIXING RATES PER ACRE FOR SAID CHARGES; ORDERING THAT THE SAME BE COLLECTED FROM OWNERS OF LANDS RECEIVING THE BENEFIT THEREOF; AND ELECTING THAT SUCH CHARGES FOR FISCAL YEAR 2020-2021 TO BE COLLECTED BY THE COUNTY OF KERN AS PROVIDED IN ARTICLE 4, CHAPTER 13, PART 9 OF DIVISION 14 (COMMENCING WITH SECTION 47980) OF THE CALIFORNIA WATER CODE, be adopted. Exhibits "A through C" is also hereby made a part of this resolution. A copy of Resolution No. 20-17 is on file in the Resolution book and is hereby made a part of these minutes.

FRIANT DIVISION AND FRIANT WATER AUTHORITY (FWA) (con't)

Friant-Kern Canal Water Quality

Mr. Muhar provided an update of FKC water quality issues which includes mitigation and limited thresholds from programs and projects that introduce water of lesser quality. Mr. Muhar further stated the FWA Executive Committee approved Friant staff and the Ad Hoc/small water quality group to continue working with Reclamation to revise the current Policy to incorporate these proposed changes. President Camp provided additional information on the two plus (2+) year long process that has provided nearly unanimous consent with Shafter-Wasco Irrigation District being the long-term contractor to voice concerns to-date.

Miscellaneous

Mr. Muhar and Mr. Collup both provided updates on various Friant issues, which included: water supply declaration increased by 5% to 65% Class 1; 2021-2022 O&M budgets of \$15M placeholder (3% increase), approved a trial membership for Gravelly Ford Water District (no costs for one year, but no voting); Warren Act water charges; extending/renewing the FWA O&M Agreement (through 2053); a revised scope of the FKC Pumpback Project has been authorized to complete 90% engineering; tracking a Westland's Water District request for a SJR diversion permit for flood flows; SJRRP schedule has again slipped from the 2018 Funding Constrained Framework and Reclamation developing a new master schedule for key project; SJV Blueprint effort looking to make progress with State officials; TJ Cox bill gaining traction for \$200M for FKC; the annual meeting is cancelled for 2020, Friant to have a Board Retreat in November; and Friant is planning a dewatering of the canal this winter (November through mid-January).

AGENCY/AUTHORITY/COMMITTEE REPORTS

Power and Water Resources Pooling Authority

Mr. Nixon provided an update on the Slate Solar Project (26 megawatts) and energy storage (10 megawatts) with the District investing in 9 megawatts and 1 megawatt, respectively, at a cost \$26.81 per megawatt hour and storage rate at 6.7¢ per kWh per month. Mr. Nixon stated the PWRPA Board voted to approve the project with the estimated start

date of December 2021.

Mr. Dawson provided an update on the annual pre-reconciled power costs of 9.7¢ per kWh, and noted the District has approximately \$600K underfunding and a request was made to adjust the District's rates.

MONTHLY STAFF REPORTS

Report of District Operations

Mr. Ceja provided an update on the 2020 Water Year on water deliveries through June, including an increase in Class 1 of 5%, year-to-date summary, groundwater and surface supplies for the year, wellfield levels and repair issues, groundwater level information, historic deliveries, and spreading operations.

Land Use Survey for Water Year 2019 (WY)

Mr. Muhar reviewed the District's Land Use Survey which includes summaries of; permanent vs. non-permanent, historical crop surveys, commodity values, irrigation summaries, and highlighted inclusion of both hemp crops and solar conversions.

OPERATIONS AND MAINTENANCE PROJECTS

Well Replacement Program

Mr. Ceja provided an update on the emergency Well Replacement Program construction for the two (2) new North Canal Wells (N22 and N23), stating the pipeline and electrical distribution project were both completed and the new wells are on-line. There was a brief discussion regarding well status of all District wells.

CORRESPONDENCE

Mr. Muhar noted legislative reports from FWA, KCWA, and VAWC, and highlighted four (4) support letters from the City of Arvin for grant applications, and the Tejon Indian Tribe Casino article stating the public hearing received tremendous support.

CONSIDER APPROVAL OF AUDITED FINANCIAL STATEMENTS FOR YEAR ENDING FEBRUARY 29, 2020

Mr. Nixon formally introduced Geoff King, Danhira Millan, and Scott Westwall from Barbich Hooper King Dill Hoffman Accounting Corporation to present the Audited Financials for Year Ending February 29, 2020.

Mr. King began by stating that due to the COVID-19 crisis, this year's audit presented challenges that required more time and effort by both the District's staff and the auditors from his firm. Mr. King further stated the audit went very well, completed on schedule, and the District has been issued an unqualified opinion. In addition, there are no items of deficiency to report in the management letter.

Mr. King then reviewed the Independent Auditor's Report and the Financial Statements for the Year Ending February 29, 2020. Mr. King explained certain line items on the Balance Sheet, Statement of Changes in Retained Earnings, Statement of Cash Flow, changes in net assets, capital assets, fixed assets, current assets, water in storage, banked water, and inventory. Director Martinez motioned, seconded by Director Giumarra, and unanimously carried to approve the Audited Financial Statements for Year Ending February 29, 2020, subject to any condition identified in Closed Session:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Fanucchi, Pascoe,
Martinez, and Yurosek
Nos: None
Abstain: None
Absent: None

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CLOSED SESSION

CLOSED SESSION (GOVERNMENT CODE §54957(b)) PUBLIC EMPLOYEE PERFORMANCE

President Camp stated the Board would like to discuss personnel related matters with Mr. King, Ms. Millan, and Mr. Westall, and legal counsel present. Therefore, based on advice from legal counsel, discussing such matters in open session would cause prejudice to the District, the Board adjourned into closed session under Government Code §54957(b) at 2:15 p.m., and reconvened into regular session at 2:30 p.m., and it was announced no reportable actions were taken in closed session.

CONFERENCE WITH LEGAL COUNSEL

Legal Counsel Kuney then advised the Board he would like to discuss existing litigation, and anticipated litigation, namely: Potential Litigation (One Item); NRDC vs. Conant, et al (SJRRP); Appeal of Regional Board General Order for Third Party Groups for Tulare Lake Basin (Resol #R5-2013-0120) to State Water Resources Control Board; City of Fresno, et al vs. USA, Court of Federal Claims; California Natural Resources Agency, et al, vs. Wilbur Ross, and Real Property Transaction - Tejon Indian Tribe/Casino Project Negotiations; and based upon advice from Legal Counsel, discussing such matters in open session would cause prejudice to the District; therefore, the Board adjourned into closed session in accordance with Government Code Section §54956.9 at 2:30 p.m., and upon returning to open session at 3:20 p.m. Director Johnston motioned, seconded by Director Moore, for the District to intervene in the lawsuit involving Federal Biological Opinions Pacific Coast Federation of Fishermen's Association, et al v. Wilbur Ross Case No. 1;20-cv-20431-DAD-EPG under the terms discussed in closed session and unanimously carried by the following vote to wit:

Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Yurosek,
Fanucchi, Pascoe, and Martinez.
Noes: None
Abstain: None
Absent: None

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In addition, Director Johnston motioned, seconded by Director Martinez, and unanimously carried to approve execution of the Agreement between Arvin-Edison Water Storage District and the Tejon Indian Tribe under the terms discussed in closed session by the following vote to wit:


Ayes: Camp, Giumarra, Moore, Lehr, Johnston, Yurosek,
Pascoe, and Martinez.
Noes: None
Abstain: Fanucchi
Absent: None

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OTHER ITEMS TO BE DISCUSSED PURSUANT TO GOVERNMENT CODE SECTION §54954.2 (RELATING TO ITEMS NOT APPEARING ON THE POSTED AGENDA); AND ADJOURNMENT

President Camp asked if there were any further matters that needed to be brought before the Board of Directors, and there being none; Director Moore motioned, seconded by Director Fanucchi, and by unanimous vote, adjourned the meeting at 3:32 p.m.





David A. Nixon, Deputy General Manager
/Assistant Secretary Treasurer