

BOARD OF DIRECTORS

Mike Vereschagin, President
Ernest Pieper, Vice President
James A. Jones
John Erickson
Charles Schonauer

SECRETARY-MANAGER

Emil Cavagnolo

ORLAND-ARTOIS WATER DISTRICT

(A UNIT OF THE SACRAMENTO VALLEY CANALS)

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**SPECIAL MEETING
OF THE
BOARD OF DIRECTORS**

MINUTES

AUGUST 19, 2020

Pursuant to Governor Newsom’s Executive Orders N-29-20 this meeting was conducted by teleconference. The meeting was accessible via telephone, computer, smartphone, or tablet.

DIRECTOR MEMBERS PRESENT

X Mike Vereschagin

X Ernie Pieper

X John Erickson

X Jim Jones

X Chuck Schonauer

OTHERS IN ATTENDANCE

X Emil Cavagnolo, Manager

X Andrea Jones, Administrative Assistant

X Karen Osborn, Office Secretary

X Brant Smith, Municipal Advisor (Backstrom McCarley Berry & Co. LLC)

X Josh Horowitz, District Counsel (Bartkiewicz, Kronick & Shanahan)

X Landowners/Water Users

CALL TO ORDER

Manager Cavagnolo started the meeting at 6:02 p.m.

ROLL CALL

Roll was taken and is indicated above.

INTRODUCTIONS:

Manager Cavagnolo introduced the following participants:

OAWD Board of Directors

Mike Vereschagin – President

Ernie Pieper – Vice President

John Erickson – Director

Jim Jones – Director

Chuck Schonauer - Director

General Manager – Emil Cavagnolo

Office Secretary – Karen Osborn

Administrative Assistant – Andrea Jones

District Counsel – Josh Horowitz, Bartkiewicz, Kronick & Shanahan

Municipal Advisor – Brant Smith, Senior Vice President, Backstrom McCarley Berry & Co., LLC

2020 PROP 218 INFORMATIONAL PRESENTATION:

Manager Cavagnolo gave an informational presentation of Orland-Artois Water District's 2020 Prop 218, which included a slide show, regarding proposed water charges for 2021 and following years. OAWD is proposing 3 water charges starting in 2021. 1) the Operations Charge covers the cost of district operations, 2) the Volumetric Charge is the water rate, and 3) the Loan Conversion Charge is for the payment of a 20-year bank loan to pay the District's share of the Central Valley Project's (CVP) construction.

The Loan Conversion Charge, like the Operations Charge, is taken from the Water Rate and is a "Water Charge".

The WIIN Act of 2016 has provisions for the early pay off of the District's CVP Construction Loan. This loan is interest free and is paid for with a component of the Cost of Service in the Water Rate and is due to be paid off in 2030. The WIIN Act provides benefits for early pay off which includes: 1) converting our 25-year Water Service Contract to a permanent Contract, 2) it relieves contractors and landowners of RRA rules and restrictions, 3) gives a discount on the balance due for CVP Construction, 4) and water for irrigation will be at a lower rate and will be the same price for all acres except M&I.

The District is proposing to convert the CVP Construction Loan to a 20-year bank loan paid for with a "Land-Based Charge" (Loan Conversion Charge). The per-acre rate for the Loan Conversion Charge has a "not to exceed" amount of \$28.31 per-acre per year of assessed District land.

Brant Smith gave an update on the refinancing of the District's loans with Reclamation. The "not to exceed" amounts are based on the worst case, 4.1% interest rates. The interest rates could be lower at the time the loans are set up. The current rates are around 2.5%.

The OAWD Directors will negotiate for the best rates available at the time the loans are executed.

The District Distribution System was paid for with an interest free 9(d) loan from the USBR which is due to be paid off in mid-2032. To relieve District Landowners of RRA Rules, the District will be required to pay off this loan also. The 9(d) loan will be converted to a 20-year bank loan paid for with the "Assessment" which is already in place and will not change its "not to exceed" amount of \$24.94 per-acre per year of assessed District land. Because the Assessment is not changing its purpose or maximum rate, it is not part of the Prop 218 Process.

QUESTIONS AND COMMENTS ON 2020 PROP 218 PROCESS:

After the presentation Manager Cavagnolo and the Board of Directors answered questions. Municipal Advisor Brant Smith, Backstrom McCarley Berry & Co. LLC, answered questions regarding the Loan Conversion.

The Public Hearing for the Prop 218 Process is set for September 15, 2020 at 1:30p.m.

OAWD AREA GROUNDWATER PRESENTATION:

Manager Cavagnolo gave a presentation on the groundwater levels in the OAWD area, which included a slide show. There were historical well level charts showing water levels from early 2000 thru 2019 showing the ground water levels in the OAWD sphere of influence are trending downward. The charts included Big W's wells, the Pieper wells, the Jasper wells, the Van Tol wells, and OAWD's wells.

Manager Cavagnolo explained that in 2019 OAWD delivered 37,777 acre-feet of surface water for Irrigation. Water needs for the crops in the District was about 77,511 acre-feet, and the difference, 43,734 acre-feet was groundwater. The District had access to 65,000 acre-feet of water in the 2019 water year. Manager Cavagnolo and the Directors encourage landowners and water users to use surface water when it is available instead of groundwater in order to preserve groundwater for times surface water is not available.

QUESTIONS AND ANSWERS ON GROUNDWATER LEVELS:

Manager Cavagnolo answered questions after his presentation on the groundwater levels in our area.

ADJOURNMENT:

Being there was no further business, the meeting was adjourned at 7:36p.m.

Respectfully Submitted,



Emil Cavagnolo
Manager

Approved at the 9/15/2020 Board of Directors Meeting