

Borrego Water District
CORRECTED MINUTES
Special Meeting of the Board of Directors
January 17, 2012
9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order: President Hart called the meeting to order at 9:00 a.m.
- B. Pledge of Allegiance: Those present stood for the Pledge of Allegiance.
- C. Roll Call: Directors: Present: President Hart, Vice President Lyle Brecht, Secretary/Treasurer Marshal Brecht, Delahay, Estep
Staff: Jerry Rolwing, General Manager
Kim Pitman, Administration Manager
Wendy Quinn, Recording Secretary
Public: Julian Peabody Lee Parravano, White Nelson Diehl Evans
Jan Naragon Harvey Schroeder, White Nelson Diehl Evans
Dick Walker Ray Shindler
Carey Blakely, *Borrego Sun* Don Davis
Roberta La Frate
- D. Approval of Agenda: *MSC: L.Brecht/M.Brecht approving the Agenda as written.*
- E. Comments from Directors and Requests for Future Agenda Items: None
- F. Comments from the Public and Requests for Future Agenda Items: None

II. CURRENT BUSINESS MATTERS

A. Presentation of FYE 2011 audited financial results by Harvey Schroeder and Lee Parravano of White Nelson Diehl Evans: Harvey Schroeder presented the BWD Financial Statements with Report on Audit by Independent Certified Public Accountants dated June 30, 2011. He explained that the report was delayed due to issues relative to the old CSD wastewater treatment plant and uncollected availability charges.

Mr. Schroeder went over each section of his written report, which was included in the Board package. It included a Letter of Transmittal, Independent Auditors' Report, Management's Discussion and Analysis and Basic Financial Statements (Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; Statement of Cash Flows and Notes to Financial Statements). He highlighted the fact that the Statements reflected the write-off of the CSD treatment plant and the uncollected availability charges.

Discussions centered on the need to plan ahead for the Viking Ranch interest payment, ID 4 bonds and replacement of capital assets.

President Hart declared a recess at 10:45 a.m., and the Board reconvened thereafter.

B. Discussion of where District is now financially: Director Lyle Brecht summarized a draft slide show, included in the Board package, providing data on the District's current financial status so that we might reach a "zero cash use" position in 2012 (not using any cash). He pointed out that the proceeds from the last rate increase are being used exclusively for non-O&M expenses, and if another increase is implemented it could be reallocated. He suggested asking the Strategic Planning Committee to develop an accompanying narrative for the slide show for use at the Town Hall meeting. At next week's meeting, the Board will be asked to consider referring the initial planning and scheduling for the Town Hall meeting to the Strategic Planning Committee.

C. Discussion of current cash flow forecast: Director Lyle Brecht invited the Board's attention to Board package pages 60 through 65, spread sheets representing the District's current cash flow figures, for review prior to next week's meeting. Discussion followed regarding indications that our revenue may be \$50,000 to \$100,000 less than projected at fiscal year end, and whether the projection should be amended or expenses curtailed in order to balance. The majority felt it was premature to take action at this time, but that we should continue to monitor the situation and revisit the possible sale of assets.

Further discussion followed concerning publicity strategy, including more workshop meetings, news releases, the website, e-mail and billing inserts. The Board members were mindful of legal concerns relative to the Brown Act and politicking restrictions.

D. Discussion of agenda items for meeting on Wednesday, January 25th: The report on emergency funding options will be presented in February. It was noted that research into the cost/benefits of automated meter reading and accounting and billing software upgrade had been referred to the Operations and Management Committee, and suggested that upcoming solar presentations also be referred to a committee. Other agenda items will include a resolution of intent to implement a second tier in the District's retirement program and reconsideration of the USGS annual renewal contract.

- Resolution to submit ABD-IRWM planning grant application to DWR

A draft resolution authorizing Jerry Rolwing to submit the grant application will be considered at next week's meeting.

- Town Hall date and program planning

The Board will be asked to consider referring this to the Strategic Planning Committee.

III. CLOSING PROCEDURE

Adjournment: There being no further business, the meeting adjourned at 11:45 a.m. The next Regular Meeting of the Board of Directors is scheduled for January 25, 2012 at the Borrego Water District.