

B. Manager/Operations Report: Mr. Rolwing reported that three of our wells are down. Staff and the Operations and Management Committee are working with a hydraulic engineering firm to resolve the problems with Well 11. President Hart reported that DWR had formed a committee including Tim Ross and Laura Peters to identify those who would be significantly impacted if Borrego Valley becomes a managed basin. If our IRWM grant application is successful, this data could be incorporated. Mr. Rolwing noted we expect a decision on the grant application in November.

J. Attorney's Report: None

II. CURRENT BUSINESS MATTERS

A. Presentation of FYE 2012 audited financial results by Harvey Schroeder and Lee Parravano of White Nelson Diehl Evans LLP: Lee Parravano summarized the audited financial results for the fiscal year ending August 2012. The Management's Discussion and Analysis included detailed accounting of the District's cash and investments and analysis of revenue and expenses. In the Notes to Basic Financial Statements, Mr. Parravano highlighted the District's 2008 Installment Purchase Agreement, which should be continually monitored. Director Marshal Brecht suggested adding a line item for increase or decrease in fiduciary funds.

B. Discussion of New Development fees: Mr. Rolwing summarized the modifications to the proposed new development fees resulting from last week's workshop, including some of the section titles and provisions in the dispute resolution procedures. Discussion followed regarding water credit issues. Mr. Engelke distributed an outline explaining the proposed change in the groundwater mitigation ratio. The County's 1:1 mitigation requirement is based on CEQA and is required when a subdivision is approved. The District's 1:1 mitigation requirement is separate, based on the Water Code and required when a building permit is issued. He recommended that the development fees be kept separate from the mitigation policy. President Hart suggested investigating other districts' policies. A question remains as to whether a builder can use water credits for his/her fee in lieu of cash.

C. Reappointment of Lee Estep and Ray Delahay to the Board: President Hart announced that the County had already reappointed Directors Estep and Delahay to terms ending December 2, 2016.

D. Discussion and possible approval to update signers on the Borrego Springs Bank account: *MSC: Estep/M.Brecht removing Eleanor Shimeall as a signer on the District's Borrego Springs Bank account and adding Ray Delahay.*

E. Discussion and possible approval of Resolution 2012-10-01 revising the schedule of Regular Meetings to meet on November 14th and December 12, 2012: *MSC: Estep/Delahay adopting Resolution 2012-10-01, revising the schedule of Regular Meetings to meet on November 14 and December 12, 2012.*

III. COMMITTEE REPORTS & PROPOSALS

Ad Hoc Committees

1. Audit Committee

Discussed earlier in this meeting.

2. Due-Diligence

No report.

- 3. Strategic Planning Committee/IRWM
This report was included in the Manager's Report.
- 4. Executive Committee
No report.
- 5. Operations & Management Committee
Mr. Rolwing had covered this report in his Manager's Report.
- 6. Christmas Circle Committee
No report.
- 7. Negotiating (Rams Hill & cable antenna)
No report.
- 8. New Development Committee
Discussed earlier in this meeting.
- 9. Asset Committee

President Hart and Director Marshal Brecht met with the County regarding the sale of real property. Further report was continued to closed session.

IV. STAFF REPORTS

- A. Water and Wastewater Operations Report - September 2012: Mr. Rolwing noted that flows were down at the wastewater treatment plant, which is normal for this time of year.
- B. Water Production/Use Records - September 2012: Director Marshal Brecht thanked staff for the additional months' data on Board packet page 90.

V. INFORMATION ITEMS

None

VI. CLOSED SESSION

A. Conference with Legal Counsel - Anticipated Litigation/Significant Exposure to Litigation; Government Code section 54956.9(b), One case:

B. Conference with Real Property Negotiator - Reference Government Code Section 54956.8:

Property:	Parcel APN 200-210-14
District Negotiator:	Jerry Rolwing
Negotiating Parties:	County of San Diego
Under Negotiation:	Price and terms of payment

The Board adjourned to closed session at 10:45 a.m. The open session reconvened at 12:00 p.m. There was no reportable action as to Item VI.A. As to Item VI.B, the Board authorized the sale of a portion of parcel 200-210-14 to San Diego County for \$124,000. The Board authorized Mr. Rolwing to execute all documents related to this matter.

VII. 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 November 14, 2012 at the Borrego Water District.