

II. CURRENT BUSINESS MATTERS

A. Presentation of FYE 2013 audited financial results by Hosaka, Rotherham & Co.: Jim Rotherham, Chairman and Managing Partner of the District's audit firm, Hosaka, Rotherham & Co., invited the Board's attention to pages 2 and 3 of the financial section of the audit report. They summarize the firm's opinion of the District's financial statements and present a clean, unqualified opinion. On page 33, regarding the District's internal controls, the firm found no material weaknesses. Had there been any questions or findings or concern arising from the audit they would have appeared on page 36, but there were none.

Mr. Rotherham went on to summarize the balance of the audit report, which included descriptions of the District's financial statements and financial position, a balance sheet, and summaries of its cash position, current assets and liabilities. The report also provided a profit and loss statement and a schedule of individual accounts.

President Hart inquired about a recommendation from last year's audit that the District ensure sufficient revenue to meet ID 4 bond requirements (115% of the amount owed). John Arndt, Audit Manager for the firm, stated that it did.

The Board received and filed the audit report.

B. Presentation by Nicole Martin, LLBS regarding request to participate in meetings by teleconferencing: Nicole Martin, an attorney representing several agricultural landowners in Borrego Valley, requested the opportunity to participate in District meetings, particularly those relative to the groundwater management plan, by teleconference. She explained that the system could be set up using the Internet and offered to support it financially. Participants could call in and pay for their own calls. Ms. Martin offered to work with Mr. Rolwing, compile cost estimates from several vendors and present a written summary to the Board.

Discussion followed, including questions concerning whether the calls would be interactive, whether the arrangement would be disruptive to the meeting's productivity and how the teleconferencing speakers would be identified. President Hart suggested contacting other public agencies that have used this type of system to find out their opinions, and Mr. Rolwing recommended asking potential vendors for references.

C. Discussion and possible approval of Policy No. 2013-20-1 6" Fire Main Service Availability: Mr. Rolwing explained that the proposed Policy is part of an ongoing process of updating the Districts policies and procedures. It is based on the current practices used in ID 1 and has been updated per current Fire Department requirements. The Operations Committee recommends approval. *MSC: L.Brecht/M.Brecht approving Policy No. 2013-20-1, 6" Fire Main Service Availability.*

D. Discussion of funding options to purchase farm land: Director Lyle Brecht reported that some lobbying and consulting groups in 2012 proposed a legislative initiative to fund the purchase and fallowing of farm land. They feel this would be a good time to introduce it because of the availability of farm land for sale. District participation would cost money, so it would need to be tied to reduction of the overdraft, and local pumpers would have to be supportive. The fact that Borrego Springs is surrounded by the Anza Borrego Desert State Park, a statewide asset, could also help in securing funding. The Borrego Water Coalition has the matter on its agenda and has asked whether BWD is supportive.

Bill Berkley reported that he met last week with Dick Troy of the Anza Borrego Foundation, Ray Shindler, farmer Dennis Jensen, realtor Rebecca Falk and a legislative staff member. The funding proposal is \$25 million for five years. The fallowed land could become part of the State Park and the Park could recoup its investment through water credits. Mr. Rolwing reported that he would be meeting with Senator Anderson in December. The Board agreed to consider the proposal.

E. Discussion and possible action on updating the Groundwater Management Plan:
Mr. Rolwing invited the Board's attention to a handout summarizing tasks to be accomplished relative to the Groundwater Management Plan update and including a proposed table of contents. He had begun accumulating historical data and planned to write some of the new sections. Mr. Rolwing proposed a stakeholders' section based on individual interviews by a neutral party. The Board agreed to approach Jan Naragon to serve as interviewer, tentatively for a maximum fee of \$3,000 and a completion target date of February or March. Mr. Rolwing asked Board members to suggest questions for the interviews at the next meeting. Director Lyle Brecht suggested posting groundwater studies and accompanying maps on the District website.

III. STAFF REPORTS

A. Financial Reports - October 2013: Kim Pitman summarized highlights from her written report and responded to questions from the Board.

B. General Manager/Operations Report: Mr. Rolwing referred to his written report and offered to answer questions. He invited the Board's attention to the attached discussion draft of a Groundwater Workplan Concept Paper sent to him for comment by the State Water Board. Mr. Rolwing had discussed the Workplan with Tim Ross of the California Department of Water Resources and they agreed it's a good concept with statewide interest. If there are no substantial critical comments the Workplan was stay as is.

C. Water and Wastewater Operations Report - October 2013

D. Water Production/Use Records - October 2013:

The monthly Water and Wastewater Operations Report and the Water Production/Use Records were included in the Board package.

IV. ATTORNEY'S REPORT

None

V. COMMITTEE REPORTS & PROPOSALS

Ad Hoc Committees

1. Audit Committee

The audit report was covered earlier in the meeting.

2. Due-Diligence

The Due-Diligence Committee is working on availability fees.

3. Strategic Planning Committee/IRWM

The Strategic Planning Committee is working with the Borrego Water Coalition and Rams Hill.

4. Executive Committee

No report.

5. Operations & Management Committee

Director Delahay reported that the Committee met last week and would meet again this afternoon. President Hart asked about the status of Mr. Coffman's proposal at the last meeting. Mr. Rolwing replied that Mr. Coffman had been requested to submit a written proposal and agreed to arrange for him to meet with the Operations & Management Committee.

6. Parks Committee

No report.

7. Asset Ad Hoc Committee

No report.

8. Personnel Committee

No report.

9. Negotiating Committee
No report.

VI. INFORMATION ITEMS

Director Lyle Brecht inquired about the status of the proposed master calendar of District deadlines and due dates. Ms. Pitman promised to work on it now that the audit has been completed.

Jim Engelke reported that he had submitted a proposal to the Anza Borrego Foundation to develop a campground on part of the Viking Ranch property. He will bring the proposal to the BWD Board at a future meeting.

VII. CLOSED SESSION

A. Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph 2 of subdivision (d) of Government Code Section 54956.9. One case: The Board adjourned to closed session at 10:45 a.m., and the public meeting reconvened at 11:45 a.m. There was no reportable action.

VIII. CLOSING PROCEDURE

There being no further business, the Board adjourned at 11:45 a.m. The next Regular Meeting of the Board of Directors is scheduled for December 18, 2013 at the Borrego Water District.