

**Borrego Water District
CORRECTED MINUTES
Special Meeting of the Board of Directors
Tuesday, March 18, 2014
9:00 AM
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
 Morton Park, McDougal Love Eckis Boehmer & Foley (via teleconference, Item II.J only)
 Wendy Quinn, Recording Secretary

 Public: Joe Tatusko Paul Nordman, Genus L.P.
 Jeannie Beck, *Borrego Sun* Tom Hall
 Jim Engelke John Fortiner
 Dick Walker
- 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. Discussion and possible action on updating the Borrego Valley Groundwater Management Plan:

- 1. Discussion of stakeholder interview process

Jerry Rolwing reported that Jan Naragon was currently interviewing stakeholders. Twelve to fifteen have been selected, representing different groups within the community.

- 2. Final review of the agenda for the Town Hall meeting scheduled for March 27th

Mr. Rolwing invited the Board's attention to the tentative Town Hall Meeting Agenda in the Board package. He noted he had been unable to arrange for Jim Bennett to talk about the water credit program. Mr. Rolwing could touch on it in his remarks, but was concerned about doing it justice in a small amount of time. Director Lyle Brecht suggested putting the information on the BWD website.

- 3. Outline for the General Manager presentation of the Town Hall meeting

After lengthy discussion regarding the outline for Mr. Rolwing's presentation, it was agreed that it would be moved to after the reports by Claudia Faunt and Greg Krzys and followed by Kathy Dice.

B. Discussion and possible approval of Genus L.P. request for water credits on Pepper Farm property: President Hart recommended that the Asset Ad Hoc Committee meet with Paul Nordman and the Genus L.P. principals and develop a proposal for the Board's consideration. Mr. Rolwing will include it on the next Agenda.

C. Discussion and possible approval *RESOLUTION 2014-03-02 OF THE BOARD OF DIRECTORS OF THE BORREGO WATER DISTRICT, SAN DIEGO COUNTY,*

CALIFORNIA, REMOVING CERTAIN CHARGES FROM COMMUNITY FACILITIES

DISTRICT NO. 2007-1 (Montesoro): Mr. Rolwing explained that the proposed Resolution arose from the agreement with T2 and concerned the Mello-Roos bonds. T2 has purchased the bonds and BWD now needs to remove them from the tax rolls. **MSC: L.Brecht/M.Brecht adopting Resolution 2014-03-02 of the Board of Directors of the Borrego Water District, San Diego County, California, Removing Certain Charges from Community Facilities District No. 2007-1 (Montesoro).**

D. Discussion and possible action on delegating authority to the General Manager to execute Bill of Sale documents for Water Credit sales: Mr. Rolwing explained that now that the District has 294 County-approved water credits, there is a need for a verification procedure. The County recommends a bill of sale. Currently this would require signature by the President of the Board, but this may not be possible during the summer. Since the procedure and documents have been approved by the Board, President Hart recommended that Mr. Rolwing be authorized to sign. This would apply both to County and BWD credits. **MSC: L.Brecht/M.Brecht delegating authority to the General Manager to execute Bill of Sale documents for water credit sales.**

E. Report from General Manager on Borrego Valley water usage: Mr. Rolwing invited the Board's attention to the 2013 water usage report, included in the Board package. President Hart asked that those figures which were estimated, such as agricultural property, be designated as estimates; and that the report show which golf courses are metered. Director Delahay requested a copy of the spread sheet showing agricultural water usage.

F. Report from General Manager on District Production Well Water Quality: Mr. Rolwing explained that the District's well water is tested regularly for TDS, nitrates and arsenic. The latest report is available in the District office and on the website.

G. Review of recorded Groundwater Easement regarding Viking Parcel 2: Mr. Rolwing announced that the District now has County-approved water credits available from the following of Viking Parcel 2.

H. Report from General Manager on progress of T2 Agreement implementation: Mr. Rolwing reported that BWD is providing surplus water from the ID-1 system to Rams Hill. T2 has also activated a separate potable water supply, and has revamped the two wells purchased from BWD for golf course irrigation. Dudek Engineering has started pump testing to determine the impact of the two new wells. T2 is seeking sites for at least two more wells, but will have to provide AG-1 water credits and some issues with the County need to be resolved.

I. Discussion of April meetings: Since Mr. Rolwing will be out of town on April 15, the date of the regular workshop meeting, the Board agreed to hold a Special Meeting/budget workshop on April 22.

J. Presentation from Legal Counsel regarding Community Facilities Districts: Morton Park joined the meeting via teleconference at 10:20 a.m. President Hart explained that the District is the administrator for the Rams Hill Mello-Roos bonds, and the Board wants to clarify its responsibilities. Mr. Park explained that the Community Facilities District covers financing for public facilities, infra structure and services through taxes. There is an established formation procedure including adoption of a resolution, a public hearing and a vote. The tax is generally levied with County property taxes.

President Hart pointed out that in BWD's case, the bonds have changed ownership. If the new owner wants to renegotiate terms, what happens? Mr. Park recommended consulting a bond counsel. The parties need to ensure that they are in compliance with the terms of all covenants. If they are not, the District has the right to veto the restructuring. In response to Mr. Rolwing's inquiry, Mr. Park confirmed that U.S. Bank, the original trustee, continues to assume that role. Mr. Rolwing asked about replenishment of the now depleted reserve fund, and Mr.

Park deferred to bond counsel. He explained that the CFD is obligated to pay outstanding debts, but it was his understanding that T2 had agreed to assume them. If T2 wants to resell the bonds, it is in their interest to replenish the reserve fund and pay the debts.

Mr. Rolwing referred to page 3 of Mr. Park's written report, "Issuance and Limitation of Bonds," stating in part the the CFD must determine prior to a bond sale the real property value. Mr. Park explained that an appraiser would be retained, usually by the developer, but the Board would need to confirm that he/she was properly trained and licensed.

K. Discussion of potential agenda items for March 26th board meeting: Items for the next Regular Meeting Agenda will include Genus L.P. water credits and the Town Hall Meeting Agenda.

III. INFORMATIONAL ITEMS

None

IV. CLOSING PROCEDURE

There being no further business, the Board adjourned at 11:15 a.m. The next Regular Meeting of the Board of Directors is scheduled for March 26, 2014, 9:00 a.m. at the Borrego Water District. The Town Hall Meeting is scheduled for March 27, 2014, 4:00 p.m. at the Performing Arts Center, 590 Palm Canyon Drive, Borrego Springs.