

since last year, reflecting prudent performance. Revenues were up and expenses were flat. The profit and loss statements and cash flow were also reviewed and reconciled, as well as capitalized assets. There were no deficits in the fund balances. A condensed financial statement for ID4 was included, and there were no deficiencies in the internal controls. Mr. Rotherham noted that from an operational standpoint, the audit went well. He thanked the staff for their responses and support. *MSC: M.Brecht/Delahay accepting the FY 2014 financial audit report.*

B. Discussion and possible approval of Tandem Solar proposal for Solar Power Purchase Agreement: Jerry Rolwing requested that this item be tabled pending receipt of additional information.

C. Discussion and possible approval of retaining Stern Brothers & Co. for Viking refinancing: Mr. Rolwing reported that the agreement between the District and Stern Brothers had been reviewed by Stern Brothers and the District's attorneys and all approved. *MSC: M.Brecht/Delahay approving the retention of Stern Brothers & Company for the Viking refinancing.*

D. Discussion and possible selection of bond counsel for the Viking refinancing: Director Lyle Brecht reported that after interviewing several bond counsel candidates, the Due Diligence Committee recommended Jenna Magan of Orrick, and for future bond disclosure counsel, Warren Devin of Best Beat & Kreiger. *MSC: M.Brecht/Delahay retaining Jenna Magan of Orrick as bond counsel, conditioned on an acceptable agreement for services.*

E. Discussion of assigning water and wastewater rate analysis to Due Diligence Committee and review of Raftelis data request: Director Lyle Brecht reported that the Committee had already begun discussing this issue and whether it would be prudent to delay the rate analysis for about a year and meanwhile prepare a business plan. Mr. Rolwing and Director Delahay agreed. Mr. Rolwing will inform Raftelis and calendar the matter for review in six months.

F. Discussion and possible approval of Resolution 2014-10-02 THE BORREGO WATER DISTRICT SUPPORTING THE EFFORTS OF THE BORREGO SPRINGS STEWARDSHIP COUNCIL TO ESTABLISH THE DESTINATION BORREGO SPRINGS CAMPAIGN: *MSC: Delahay/M.Brecht adopting Resolution 2014-10-02, Resolution of the Borrego Water District Supporting the Efforts of the Borrego Springs Stewardship Council to Establish the Destination Borrego Springs Campaign.*

G. Discussion and possible approval of Resolution 2014-10-01 REVISING THE SCHEDULE OF REGULAR MEETINGS to meet on November 19th and December 17th, 2014: *MSC: M.Brecht/Delahay adopting Resolution 2014-10-01 Revising the Schedule of Regular Meetings.*

H. Review of planning calendar: Director Lyle Brecht requested that item 27 under Administrative be changed from Rates to Business Plan.

III. STAFF REPORTS

A. Financial Reports – September 2014: Kim Pitman reported that residential water sales were up due to activity at Rams Hill. Audit fees were paid a month earlier than projected. There were excess overtime expenses due to water main breaks and master metering at the Mall.

B. General Manager/Operations Report: Mr. Rolwing distributed a response from the Department of Water Resources to his questions concerning the Integrated Regional Water Management Plan. Projects with multiple benefits are more likely to be funded. Director Lyle Brecht expressed concern regarding the phasing of our IRWMP, beginning with Borrego Valley

and gradually expanding to surrounding areas. DWR's latest letter says we cannot do this, but a previous response said it was acceptable. He suggested asking David Aladjem to discuss the issue with DWR.

C. Water and Wastewater Operations Report – September 2014: Mr. Rolwing pointed out that production has increased since last year due to activity at Rams Hill.

D. Water Production/Use Records - September 2014: Mr. Rolwing noted that unaccounted-for water ("water losses") had increased in ID4.

IV. ATTORNEY'S REPORT

None

V. COMMITTEE REPORTS & PROPOSALS

Ad Hoc Committees

1. Audit Committee

This item was covered previously.

2. Due-Diligence

The Committee will begin focusing on a business plan.

3. Strategic Planning Committee/IRWM

The Committee will be meeting with DWR and continuing to work with the Borrego Water Coalition. They also hope to meet with the County regarding the Groundwater Sustainability Plan.

4. Executive Committee

No report.

5. Operations & Management Committee

Director Delahay reported that the Committee had been working on backflow prevention and solar. Mr. Rolwing will work with David Dale on the Capital Improvement Plan.

6. Parks Committee

No report.

7. Asset Ad Hoc Committee

No report.

8. Personnel Committee

No report.

9. Negotiating Committee

No report.

10. CFD Committee

Director Lyle Brecht noted that the Committee had been assisting with bond counsel selection, which has now been taken care of.

VI. INFORMATION ITEMS

None

VII. CLOSED SESSION

Conference with Legal Counsel – Anticipated Litigation

A. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code section 54956.9. One potential case:

This item was cancelled.

VIII. CLOSING PROCEDURE

There being no further business, the Board adjourned at 10:35 a.m. The next Regular Meeting of the Board of Directors is scheduled for November 19, 2014 at the Borrego Water District.