

II. CURRENT BUSINESS MATTERS

A. Swearing in and Seating of the New Board Members for 2015-2018 District Board: Morgan Foley administered the oath of office to President Hart, Director Lyle Brecht and newly elected Director Joe Tatusko. Director Tatusko took his seat with the Board, introduced himself to the public and urged them to continue participating in the Board meetings.

B. Discussion and possible approval of assigning Board members to ad-hoc committee members and as designated JPIA liaison: After discussion, the following committee assignments were made: Director Tatusko will serve on the Audit, Due Diligence and Operations & Management Committees. The Strategic Planning, Executive and Negotiating Committees will remain as is. The Parks and Asset Ad Hoc Committees will be dissolved. The Asset Ad Hoc Committee's responsibilities will be transferred to the Negotiating Committee. Director Delahay will serve on the CFD Committee. Director Tatusko will serve as the JPIA liaison, with Mr. Rolwing as alternate.

C. Board to consider and approve new signers for District bank accounts: Director Tatusko agreed to sign the payroll checks for the balance of calendar year 2014. ***L.Brecht/Delahay removing Marshal Brecht as a signatory on the District's Umpqua and Wells Fargo bank accounts and adding Joe Tatusko.***

D. Discussion and possible action for donation of property from Jack Light: Mr. Rolwing explained that Jack Light, whose proposed donation of land to the District had been previously discussed, needs something for the County in writing from the District indicating its intent to accept the donation. Jim Engelke showed the location of the property on a map, and the proposed 60-acre donation which includes a flood area and could be used for storm water retention. A letter from the District to Mr. Light would indicate to the County that he plans a conservation subdivision with a public benefit, allowing greater density.

President Hart expressed concern regarding the District's liability, should they accept the property and it subsequently floods. Mr. Foley explained that since the property has a history of flooding, the District would be liability only if it made changes to the land to increase the flooding. However, he recommended further investigation. He suggested a conditional letter of intent to accept, leaving the District the option to change its position. That was acceptable to Mr. Engelke. The letter could just indicate that the District is considering acceptance. He further confirmed that the District would be free to drill a well on the property in the future, and there would be no property tax. ***MSC: L.Brecht/Delahay requesting Messrs. Rolwing and Foley to prepare a letter to Mr. Light as discussed.***

E. Discussion and possible approval of Warren B. Diven, Best, Best & Krieger (San Diego office) as District bond counsel for the CFD Mello-Roos bonds to work w/T2 Borrego (owner of bonds) on restructuring these bonds: Mr. Foley reported that he was awaiting a response from Warren Diven as to whether he is willing to serve as District bond counsel. Director Lyle Brecht recommended notifying Stradling Yocca Carlson & Rauth that the District is pursuing other bond counsel, and Mr. Rolwing agreed to do so once T2 Borrego has completed its payments to the firm. ***MSC: L.Brecht/Delahay approving the retention of Warren B. Diven of Best, Best & Krieger as District bond counsel for the CFD Mello-Roos bonds to work with T2 Borrego on restructuring these bonds, subject to Mr. Foley's negotiation with Mr. Diven. Director Tatusko abstained from the vote, and all others voted aye.***

F. Discussion and possible approval of setting a schedule for public comment on the Borrego Water Coalition's (BWC) policy recommendations and discussion of how policy recommendations will be used for the Groundwater Sustainability Plan (GSP) required under the

state's Sustainable Groundwater Management Act (SGMA): Director Lyle Brecht invited the Board's attention to a proposed schedule for public comment on the BWC's policy recommendations relative to the GSP. He urged the District to work with the County on this, noting that it would be expensive for the District to serve as the Groundwater Sustainability Agency. Director Tatusko offered to investigate grant opportunities to fund implementation of the GSP.

G. Discussion and possible approval for District staff to prepare a draft application to DWR, in consultation with County staff and Borrego Water Coalition counsel, for becoming a Groundwater Sustainability Agency (GSA) for the Borrego Valley Groundwater Basin (BVGB), as required under the SGMA: This was discussed during the previous item.

H. Review of planning calendar: Director Lyle Brecht corrected line 1 of the calendar to reference T2 instead of Viking. He further suggested that line 27, Business Plan, include an investigation of pricing in March. President Hart referred to line 8, Club Circle, noting the District's option to renew the golf course lease by February 28. She asked that the matter be included on the January Agenda and that the CFD Committee meet prior to that to prepare a recommendation to the Board. Mr. Rolwing reported he had submitted the CASGEM report (line 17). Director Tatusko suggested adding a line to reflect Director Lyle Brecht's recommended schedule for GSP implementation.

III. STAFF REPORTS

A. Financial Reports – November 2014: Kim Pitman reported that she had paid Dudek's bill and expected to be reimbursed by T2 in January. The employees' medical insurance was paid twice last month, so there will be no current balance due. Ms. Pitman offered to answer questions on her report.

B. General Manager/Operations Report: Mr. Rolwing reported that the USGS report would not be completed by the end of the year, due to issues associated with the drought and the SGMA. He will be in weekly contact with them after the holidays.

Greg Holloway explained a dripping problem in the storm drains, noting that the County may require a storm water runoff plan.

Mr. Rolwing reported that staff is continuing to monitor gas levels in the La Casa Del Zorro area.

Mr. Holloway reported that a pressure relief valve had been installed today at Di Giorgio and Tilting T in the Club Circle area.

C. Water and Wastewater Operations Report – November 2014: The Water and Wastewater Operations Report was included in the Board package.

D. Water Production/Use Records - November 2014: Mr. Rolwing reported that usage was slightly higher, primarily in ID 1, and there was some water loss in ID 4.

IV. ATTORNEY'S REPORT

Mr. Foley reported he had been working with counsel for T2 to draft an assignment of water credits. T2 is acquiring property to lease back in accordance with its prior commitment to the District. He expected the assignment to be signed today or tomorrow.

Mr. Foley further reported he was continuing to work with Mr. Rolwing and Charlie White regarding Mr. White's proposed donation of property to the District.

Mr. Foley will be meeting with Director Tatusko after today's meeting to brief him on laws affecting public officials. Director Tatusko reported he had completed the on-line ethics training.

V. COMMITTEE REPORTS & PROPOSALS

Ad Hoc Committees

1. Audit Committee

No report.

2. Due-Diligence

Director Lyle Brecht invited the Board's attention to a brief he had compiled concerning the formation and background of the Committee. He noted that the District may not be in a position to borrow money in 2016-17 as hoped; this may be delayed until 2019-20. Additional cash may be required for past years' deferred maintenance at the wastewater treatment plant. Director Lyle Brecht felt the current rate structure was inadequate, particularly in view of upcoming GSP costs.

Discussion followed over whether to add to the District's staff, but most agreed consultants would be preferable. Director Lyle Brecht emphasized that the District is in a far better position today than four years ago, when the current Board assumed office.

Director Lyle Brecht reported he had attended a dinner in San Diego where the Chairman of the State Water Resources Control Board spoke. Water quality is becoming an issue of equal importance to water supply. A member of the public noted that land use is another important, related issue; Director Lyle Brecht replied that he had recently briefed the Community Sponsor Group, which makes land use recommendations for the Borrego Valley to the County, regarding the SGMA.

3. Strategic Planning Committee/IRWM

President Hart reported that the Committee continues to work with the BWC.

4. Executive Committee

No report.

5. Operations & Management Committee

Director Delahay reported that the Committee heard a presentation from a solar expert and toured the wastewater treatment plant, whose condition has improved in the last four years. He commended Cody Cox for his work. Mr. Rolwing reported he expected a recommendation to the Board on the Tandem Solar proposal in January.

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

This report was covered previously.

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: The Board adjourned to closed session at 10:45 a.m., and the open session 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 Special Meeting of the Board of Directors is scheduled for January 20, 2015 at the Borrego Water District. The next Regular Meeting of the Board of Directors is scheduled for January 28, 2015 at the Borrego Water District.