

Good afternoon and welcome to the Borrego Water District's annual Town Hall meeting. My name is Beth Hart. I am currently serving as president of the Board. Other members of the Board include Lyle Brecht, vice president, Marshal Brecht, secretary treasurer and Directors Eleanor Shimeal and Lee Estep. Also present are Jerry Rolwing, Interim GM and Operations Manager and Gary Halderman, who will be our Moderator for this meeting.

This is the 10th annual town hall meeting, put on by the District for the purpose of updating the community on the District's ground water management activities. Today, as in the past, there will be presentations by various organizations describing those activities.

In addition, the Board would like to take this opportunity to give an overview of the state of the District. When the three new board members took office in late November, even though some of us had been attending District board meetings for two years and longer, we were unaware of the financial and legal challenges that faced the District. Shortly after taking office we learned that approximately \$5.7 million of the District's total \$6.5 million in reserves had been spent over the past three years; that the District had agreed to contracts that would, if fully-executed, obligate it to approximately \$7.5 million more in unfunded future debt; and

that expenses in fiscal year 2011 would exceed income by more than \$400,000.

We took immediate action to staunch the financial drain by eliminating health benefits for directors which cost the District approximately \$122,000 in 2 years. We significantly reduced legal expenses that totaled in excess of \$477,000 in 3 years and elected not to immediately replace the previous general manager's position whose monthly salary, benefits, travel and conference expenses cost the District over \$787,000 during his three years of employment. Those expenses alone represented an outflow of nearly 1.4 million dollars in District funds in 3 years.

Further, Jerry Rolwing declined any additional compensation when he assumed the duties of the interim general manager, even though he has expended countless extra hours working along side the new Board as we grapple with the numerous financial, legal, strategic, and operational issues that we face. In addition, several Board members have declined the compensation they are legally entitled to.

Our duty to ratepayers to provide a sustainable water supply is always forefront in our decision making process. We understand the gravity of the responsibility we have been given. Without the support of the District staff and

employees, we would not be able to accomplish our task as a Board. We commend them all for their willingness to be part of a solution to the District's challenges.

We also commend the members of the community who have come forward to work with the Board. The spirit of Borrego is service – the blending of our experience and skills for the betterment of the whole community. Currently, numerous folks with experience and skill in business, finance, engineering, science, law, politics, research, agriculture, water operations and water management, just to name a few, have stepped forward and are working in the background to assist the District in fulfilling it's mandate. Some attend District meetings. Some are serving on community advisory committees working directly with the Board on specific projects. Others are sharing their expertise and experience with individual Board members. All are working to help the District find solutions. We welcome their involvement and encourage those here tonight to join in, adding your voice to the process.

We as a District face some exceedingly serious and difficult challenges. Our saving grace is that we live in a wonderful community of diverse, independent, freedom-loving individuals who are willing to work together to see that the community remains vibrant and viable developing in an

economically healthy way. Not a one of us would intentionally harm this community that we all enjoy and love. As you listen and learn from the presenters this evening, we encourage you to think of how you can participate with us and contribute to the common good. Thank you for attending, thank you for your interest, thank you for your participation.