

**MINUTES OF A REGULAR MEETING
of the
CACHUMA OPERATION & MAINTENANCE BOARD
held at the
Cachuma Operation & Maintenance Board Office
3301 Laurel Canyon Road, Santa Barbara, CA
Monday, October 27, 2008**

1. Call to Order, Roll Call

The meeting was called to order at 3:42 p.m. by President Chuck Evans, who chaired the meeting. Those in attendance were:

Directors present:

Chuck Evans	Goleta Water District
Das Williams	City of Santa Barbara
Jan Abel	Montecito Water District
Bob Lieberknecht	Carpinteria Valley Water District

Others present:

Kate Rees	William Hair
Chip Wullbrandt	Janet Gingras
Charles Hamilton	Brett Gray
Tom Mosby	Alex Keuper
Chris Dahlstrom	David McDermott
Gary Kvistad	Rebecca Bjork
Doug Brown	Dave Houston (via phone)

2. Public Comment

There were no comments from the public.

3. Consent Agenda

a. Minutes:

September 22, 2008 Regular Board Meeting

b. Investment Funds

Financial Report
Investment Report

c. Payment of Claims

Director Williams moved to approve the Consent Agenda, seconded by Director Lieberknecht, passed 6/0/1, Director Loudon abstained.

4. Shawn O'Callahan's Second Place Winner of Opflow Gimmicks & Gadgets Contest

Ms. Rees introduced Shawn O'Callahan who was the second place winner with his invention of a valve-actuator lock that protects against vandalism. Mr. O'Callahan submitted his invention to AWWA's Opflow Gimmicks and Gadgets contest. The Board congratulated him on his accomplishment.

5. Capital Improvement Program/Bond Issuance

a. Presentation by Doug Brown, Bond Counsel

Joining the Board meeting was Doug Brown of Stradling, Yocca, Carlson & Rauth, who will be providing bond counsel services, and Dave Houston of Citigroup (via telephone), who will be the underwriter for COMB's CIP bond issuance. They presented an overview of the bond process to the Board and answered questions. The bond will be issued by COMB and COMB will carry the debt on its books. COMB will enter into Joint Participation Agreements with the participating agencies. The COMB Board will need to approve and send out to the market an Official Statement describing the bond issue for potential buyers, along with a description of each of the agencies that will be obligated to repay the bond through COMB. Mr. Brown and Mr. Houston will work with COMB staff and staff from each of the south coast member units to put together the required financial documents for each agency. Because of the recent downturn in the stock market, the Board decided to defer issuing the bond until May or June 2008, and assess the market conditions at that time.

Charles Hamilton, General Manager of Carpinteria Valley Water District, expressed his concern over the timing of the bond issuance given other priorities for his District, as well as the substantial staff time required to prepare the required financial information.

b. Recommendation regarding hiring a Financial Advisor

At the September COMB Board meeting, a suggestion was made to consider utilizing the services of a financial advisor to protect COMB's interests throughout the bond issuance process. Staff contacted three companies that provide this type of financial service to public agencies. COMB's CIP committee reviewed the proposals and recommended hiring David Brodsky of Kelling, Northcross, Nobriga to serve as COMB's financial advisor. Ms Rees stated that the estimated cost would be \$70,000 plus a cap of \$2,000 for expenses.

Director Williams moved to approve hiring a financial advisor for the COMB Capital Improvement Projects Bond Issuance and to authorize the General Manager to execute a contract with David Brodsky of Kelling, Northcross, Nobriga to serve as Financial Advisor to COMB, seconded by Director Abel, passed 6/0/1, Director Loudon abstained.

6. Reports from the Manager

a. Operations Report

Brett Gray's monthly report on operations was included in the board packet.

b. 2008 Surcharge Accounting

Ms. Rees included in the board packet the monthly 2008 surcharge water accounting for Cachuma Reservoir. She reported that target flows for fish are currently being provided from Cachuma Project yield because surcharge water for target flows has been depleted. The remaining surcharge water from the 2008 spill is reserved for migration passage flow supplementation.

c. Bradbury Dam Reservoir Operations Risk Analysis Meeting, October 6 - 10, 2008, Denver, Colorado

Ms. Rees reported on the workshop she attended at the Bureau of Reclamation's Technical Service Center in Denver regarding the Bradbury Dam Risk Analysis for surcharging Cachuma Reservoir to elevation 753 feet. Reclamation will be issuing a draft report by late November 2008, and a Decision Document by December 2008, so that surcharge operating protocols can be in place for the upcoming rain season.

d. Upper Santa Ynez River Operations Agreement – Election to Commence Pass Through Operations

Ms. Rees reported that the City of Santa Barbara has completed a bathymetric survey for Gibraltar Reservoir. The results of the survey indicate that Gibraltar's capacity has been reduced by about 21% due to the Zaca Fire. Because of the loss of reservoir storage capacity, the City has elected to initiate the pass through mode of operations per the Upper Santa Ynez River Operations Agreement, portions of which will be implemented immediately.

e. Update on COMB/CCRB Comments on Draft Cachuma RMP/EIS

Ms. Rees reported that the comments on the Draft Cachuma Park RMP/EIS prepared by Reclamation are due October 31, 2008. Ms. Rees will be submitting comments on behalf of CCRB and COMB. These comments will be provided for the Board at the November meeting.

f. Lauro Debris Basin Progress Report

Ms. Rees highlighted the staff report on the Lauro Debris Basin Project. The project began October 8th and is expected to be completed in early 2009.

g. Cachuma Reservoir Current Conditions

Date 10/27/2008

Lake elevation	743.54 feet
Storage	169,254 acre feet
Rain (for the month to date)	0.09 inches
Rain YTD (for the season to date)	0.09 inches
Fish Release-Hilton Creek	23.8 acre feet per day
Month to Date Fish Release	642.5 acre feet
Month to Date Spill	0 acre feet
Year to Date Spill	0 acre feet

h. COMB Electronic Distribution of Board Packages at www.cachuma-board.org

Ms. Rees reminded the Board that the electronic distribution of board packages would begin in November. The Directors would continue to receive a printed copy of the packet.

7. Santa Barbara County's Integrated Regional Water Management Plan Prop 50 Grant Activities

a. Prop 50 IRWMP Meeting, October 14, 2008

The agenda for the October 14th meeting was included in the board packet as well as the minutes from the September 18th meeting.

Ms. Rees reported that the \$25 million grant awarded to the Santa Barbara County Water Agency was to implement 15 projects in the Santa Barbara Countywide IRWMP. The County Water Agency will enter into a master grant agreement with the State Water Resources Control Board on behalf of the project proponents. The County Water Agency must also enter into subgrant agreements with each of the 15 public agencies to assure that the individual project components will be implemented as set forth in the master agreement. The County requires that each project proponent must sign the Prop 50 Implementation MOU (provided in the Board packet) to provide for reimbursement to the County for costs incurred in administering the state master grant agreement.

b. Consider Resolution No. 476 to Enter Into a Proposition 50 IRWM Subgrant Agreement with Santa Barbara County Water Agency

Director Williams moved to approve Resolution No. 476 to enter into a Subgrant Agreement with the Santa Barbara County Water Agency committing COMB to meet all requirements under the Proposition 50, Integrated Regional Water Management Implementation Grant Agreement between the State Water Resources Control Board and the Santa Barbara County Water Agency, seconded by Director Evans. A roll call vote was taken, passed 6/0/1, Director Loudon abstained.

c. Consider MOU for Administration of Santa Barbara Countywide Proposition 50 Grant Funding and Reporting

Director Williams moved to approve a Memorandum of Understanding with the Santa Barbara County Water Agency for the administration of Proposition 50 grant funding and reporting, seconded by Director Abel, passed 6/0/1, Director Loudon abstained.

8. Results of 2008 Lake Cachuma Bathymetric Survey

Ms. Rees included in the board packet a summary of the Lake Cachuma Bathymetric Survey completed by MNS in September 2008. Compared to the last survey completed in 2000, Cachuma Reservoir has experienced a water storage capacity loss of 1,394 acre feet at elevation 750 feet.

9. Reconsideration of Quagga Mussel Cost Sharing Proposal

Ms. Rees reported that the COMB Board had discussed providing \$60,000 as a one time payment to the County Parks Department to offset costs for the Quagga mussel inspections and prevention program. A revised projected expenditure sheet is attached which had been provided by Dan Hernandez, County Parks Director.

Director Williams moved to approve a one time \$60,000 contribution contingent upon an indemnification agreement and receiving from the County a written proposal of their program and how it will pay for itself in the future, seconded by Director Evans, passed 6/1/0, Director Abel voted no.

10. Consider MOU Between COMB and CCRB Regarding the Coastal Conservancy's Grant Agreement with CCRB for Quiota Creek Fish Passage Project at Crossing 6

This item was discussed during the CCRB meeting so no further discussion was needed.

Director Williams moved to approve the MOU between CCRB and COMB regarding Coastal Conservancy Grant for Quiota Creek Crossing 6 Fish Passage Project as revised, seconded by Director Lieberknecht, passed 7/0/0.

11. Consider Participating in Santa Barbara Historical Museum's Historic Santa Barbara: An Illustrated History

Ms. Rees reported that consideration of this item was carried forward from the September Board meeting.

Director Williams moved to enter into an agreement with the Santa Barbara Historical Society to sponsor 2 pages in the profile section of a new book entitled Historic Santa Barbara: An Illustrated History and to approve an expenditure of

approximately \$6,000 for a 2-page spread about the Cachuma Project, seconded by Director Abel, passed 6/1/0, Director Loudon voted no.

12. Directors' Request for Agenda Items for Next Meeting

There were no additional items requested.

13. Meeting Schedule

- The next regular Board meeting will be held November 24, 2008 following the 2:15 p.m. CCRB regular Board meeting, at the COMB office.

The Agendas and Board Packets are available on the COMB website, www.cachuma-board.org

14. COMB Adjournment

There being no further business, the meeting was adjourned at 5:20 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Chuck Evans, President