

**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 23, 2006**

1. Call to Order, Roll Call

The meeting was called to order at 3:37 p.m. by President Chuck Evans, who chaired the meeting. Those in attendance were:

Directors present:

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

Others present:

Kate Rees	Chip Wullbrandt
Bob Roebuck	Steve Mack
Gary Kvistad	Alex Keuper
Janet Gingras	David McDermott

2. [Closed Session]: Conference with Legal Counsel to Discuss Pending Litigation pursuant to Government Code Section 54956.9 (a). One Case: Crawford-Hall V COMB, Superior Court of California, County of Santa Barbara, Case No. 1171135.

The Board went into closed session at 3:38 p.m. Closed session ended at 4:54 p.m. There was nothing to report out of closed session.

3. Public Comment

There were no comments from the public.

4. Consent Agenda

- a. **Minutes:** September 25, 2006 Regular Board Meeting
- b. **Investment of Funds**
 - Financial Report
 - Investment Report
- c. **Payment of Claims**

Director Abel moved to approve the Consent Agenda, seconded by Director Lieberknecht. Motion carried, 5/0/2, Director Loudon was absent and Director Abel abstained.

5. Reports from the Manager

d. Cachuma Reservoir Current Conditions

Date 10/23/2006

Lake elevation	746.42 feet
Storage	177,406 acre feet
Rain (for the month to date)	0.16 inches
Rain YTD (for the season to date)	0.16 inches
Fish Release-Hilton Creek	12.8 acre feet per day
Month to Date Fish Release	306 acre feet
Month to Date Spill	0.00 acre feet

6. Meeting with Kirk Rodgers, Reclamation Mid-Pacific Regional Director, October 17, 2006

a. Cachuma Renewal Master Contract Interest Rate Adjustment

b. Lauro Dam SOD Repayment Agreement

For several years, COMB staff has been attempting to reopen negotiations with Reclamation in order to adjust the Cachuma Renewal Master Contract M&I interest rate. At the regular Board meeting on September 25, 2006 the Board authorized Ms Rees to meet with Kirk Rodgers, Reclamation's Regional Director. On October 16, 2006, Ms Rees and Greg Wilkinson of Best Best & Krieger met with Mr. Rodgers regarding the Cachuma Renewal Master Contract interest rate adjustment and the Lauro Dam SOD Repayment Agreement. Ms Rees asked that the Cachuma Project receive the same 3.5% interest rate as the Friant Water Authority renewal contracts and that the negotiated water use allocations in the Lauro SOD Repayment Agreement remain at 50.72% irrigation and 49.28% M&I. Mr. Rodgers explained that because the Friant contracts were not negotiated in the same manner as the Cachuma contract it would not be appropriate for Cachuma to receive the same negotiated M&I interest rate. Mr. Rodgers addressed the Cachuma interest rate and the Lauro Dam SOD Repayment Agreement together. He stated he would agree to sign the Lauro SOD Repayment Agreement as accepted by the COMB Board in March 2006, if the Member Units agreed to accept a 4.59% revised interest rate for the interest payable on the M&I capital costs of the Renewal Master Contract. This offer is outside the normal Reclamation procedural requirements for contract changes; therefore, Mr. Rodgers has requested an answer as soon as possible.

COMB is not a signatory to the Cachuma Renewal Master Contract. However, COMB's General Counsel has suggested that COMB may act on behalf of its Member Units as provided under Article 3.1 Powers of the 1996 Amended and Restated Agreement for establishment of a Board of Control to Operate and Maintain the Cachuma Project. Gary Kvistad, counsel for ID #1, was of the opinion that an amendment to the Renewal Master Contract may be needed to secure the proposed interest rate instead of simple approval by COMB's Board.

Mr. Hair disagreed and after discussion, Mr. Kvistad requested an “opinion letter” from Mr. Hair regarding Board approval to accept the revised interest rate.

(the Board next considered item# 12)

Approval of Cachuma Project Renewal Master Contract Interest Rate Adjustment

Director Williams moved that the COMB Board of Directors, acting on behalf of the Cachuma Project Member Units, accept Reclamation’s proposed revised interest rate of 4.59% for payment of the M&I portion of the remaining capital cost of the Cachuma Project from October 1, 2005 through September 30, 2015 and to direct staff to send a letter to Kirk Rodgers, Regional Director, Mid-Pacific Region, accepting the proposed revised interest rate and request written acknowledgment and approval of the revised interest rate. Seconded by Director Abel, passed 6/0/1, Director Loudon was absent.

7. Lauro Dam SOD Repayment Agreement

There was no further discussion or action needed following the action taken by the Board on item #12. With the Boards acceptance of the revised interest rate of 4.59% for payment of the M&I portion of the remaining capital cost of the Cachuma Project, Mr. Rodgers agreed to sign the Lauro SOD Repayment Agreement with no changes to the negotiated Irrigation (50.72%) and M&I (49.28%) percent water use allocations.

8. Update on Lauro Debris Basin Rehabilitation Project

Ms Rees reported having received a revised Lauro Debris Basin Rehabilitation Project design from Flowers Engineering and has requested one cost estimate from Cushman Contracting Corporation to provide the Board with an idea of the cost for a smaller project. The Ad Hoc project committee of Director Evans, Director Williams, Steve Mack and Kevin Walsh will be meeting with staff prior to bringing the new design and cost estimate before the Board in November.

9. Status Report and Request for Increased Budget for Remaining Tasks for Facilitation Services for Reorganization

This was discussed during the CCRB meeting item #10, and there was nothing further to add.

Director Abel moved to increase the COMB budget by \$7,710 for the remaining services of John Jostes’ facilitation of the reorganization, seconded by Director Williams, passed 6/0/1, Director Loudon was absent.

10. Development of Integrated Regional Water Management Plan

Ms Rees reported on the status of the IRWMP MOU during the CCRB meeting Item #8, there was nothing further to discuss.

11. Response to the Santa Ynez River Water Conservation District Improvement District No. 1 Letter to the CCRB and COMB Board of Directors, September 22, 2006

The letter was thoroughly discussed during the CCRB meeting, Item #11, there was nothing more to add.

Director Williams moved to send the response letter from COMB to ID #1's Board of Trustees, as revised during the CCRB meeting, seconded by Director Lieberknecht, passed 6/0/1, Director Loudon was absent.

12. Approval of Cachuma Project Renewal Master Contract Interest Rate Adjustment

Action was taken after discussion of Item # 6.

13. Meeting Schedule

The COMB Board concurred with the CCRB Board to change the regular Board meeting from November 27th to November 20th so that Michelle Ouellette could attend the COMB closed session.

They also concurred to schedule the next Joint Special COMB/CCRB meeting for November 27, 200 from 2:00 to 5:00 p.m.

14. COMB Adjournment

There being no further business, the meeting was adjourned at 5:16 p.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Matt Loudon, Vice-President