

**MINUTES OF A SPECIAL MEETING
of the
CACHUMA OPERATION & MAINTENANCE BOARD
held at the
Cachuma Operation & Maintenance Board Office
3301 Laurel Canyon Road, Santa Barbara, CA
Monday, December 18, 2006**

1. Call to Order, Roll Call

The meeting was called to order at 8:04 a.m. by President Chuck Evans, who chaired the meeting. Those in attendance were:

Directors present:

Chuck Evans
Matt Loudon
Das Williams
Jan Abel

Goleta Water District
SYR Water Conservation Dist., ID#1
City of Santa Barbara
Montecito Water District

Others present:

Kate Rees
Bob Roebuck
Gary Kvistad
Brett Gray

Chris Dahlstrom
Steve Mack
Bill Hair (via conference phone)

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 8:05 a.m. Closed session ended at 8:53 a.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:

November 20, 2006 Regular Board Meeting

b. Investment Funds

Financial Report

Investment Report

c. Payment of Claims

Director Loudon moved to approve the Consent Agenda, seconded by Director Williams. Motion carried, 6/0/1, Director Lieberknecht was absent.

5. Reports from the Manager

a. Water Storage

The report was included in the Board packet

b. Water Production & Use, SWP Accounting

The two reports were included in the Board packet

c. Operations Report

Brett Grays report on operations was included in the Board packet

d. Miller-Gies Development in Lauro Watershed

Brett Gray reported that COMB has an agreement with the property owner to do some drainage construction which would improve the drainage from the property and direct it into the main debris basin at Lauro Reservoir. The property owners are waiting for the permits to be issued before construction work can begin.

e. Cachuma Reservoir Current Conditions

Date 12/18/2006

Lake elevation	744.45 feet
Storage	171,791 acre feet
Rain (for the month to date)	1.05 inches
Rain YTD (for the season to date)	1.21 inches
Fish Release-Hilton Creek	11.6 acre feet per day
Month to Date Fish Release	198.2 acre feet
Month to Date Spill	0.00 acre feet

6. Resolution No. 451 Commemorating Robert Dunlap's Thirty Years of Service

The Board postponed action on this item until the January 22, 2007 meeting; Mr. Dunlap was unable to attend the December 18th meeting.

7. Lauro Dam Safety of Dams Project

a. Draft Habitat Mitigation Plan

The Lauro SOD Project required a Habitat Mitigation Plan for vegetation that was impacted or removed during construction. Brett Gray had included a draft Vegetation Plan for Lauro Dam in the Board packet which was prepared by URS. There are approximately 40 oaks trees being replanted along with native shrubs and

grasses. Areas of the dam structure need visual inspection from time to time, therefore those areas need to be planted with native grasses and the oaks and shrubs planted in the remaining locations. The plan is currently being reviewed and has been conceptually approved by COMB and Reclamation. The final plan is not expected to change from the draft plan.

b. Resolution No. 452 Regarding Repayment of Lauro Dam SOD Contract No. 05-WC-20-2923

At the November 20, 2006 meeting, Santa Ynez River Water Conservation District ID#1 had requested that a document be prepared stating that ID#1 would not be obligated to pay any part of the repayment for the Lauro Dam SOD Project under Contract No. 05-WC-20-2923 because it was a project that benefited the South Coast Member Units only. COMB Counsel was of the opinion that a resolution stating that the four South Coast Member Units were responsible for the total repayment cost and that ID #1 would not be obligated to pay any part of the repayment obligations was the most appropriate document to achieve the desired outcome. However, ID#1 thought, although the resolution was a good start, it lacked the security ID#1 was looking for because it did not provide enough protection for them; it could be rescinded by future Boards, and it did not include sufficient indemnification of ID#1. They had expected an MOU to be prepared.

Director Abel called the question on Resolution 452, seconded by Director Williams. Following discussion Director Abel asked Director Loudon if ID#1 would like to withdraw consideration of Resolution 452 at that time. Director Loudon requested that Mr. Hair and Mr. Kvistad further discuss which sort of document would be most appropriate to protect ID#1's interests and bring this item back to the Board at the January 22, 2007 meeting. Director Abel withdrew the motion to call the question.

Director Williams moved to continue the item to the January 22, 2007 meeting, seconded by Director Abel, passed 6/0/1, Director Lieberknecht absent.

8. Lauro Debris Basin Rehabilitation Project

Ms Rees reported that the Ad Hoc Committee consisting of Directors Evans and Williams, Kevin Walsh and Steve Mack had met and evaluated the project, and that all expressed support of the Lauro Debris Basin Rehabilitation Project. On December 12, 2006 COMB staff presented an overview of the Lauro Debris Basin Rehabilitation Project to the Goleta Water District Board (GWD). At that meeting, Director Evans reported to the GWD Board that he is ready to move forward with this project.

Included in the Board packet was an overview of the Lauro Debris Basin Project, the new concept design, the estimated cost and the percent distribution for the South Coast Member Units. The COMB audit for FY 2005-06 identified excess revenues of approximately \$560,000. Staff requested that the Board approve the project and set

aside those excess funds for the Lauro Debris Basin Rehabilitation Project to pay for final design, environmental compliance and permitting work, and partial funding for construction of the project.

Director Williams moved that the Board approve adding the Lauro Debris Basin Rehabilitation Project as a special project to the FY 2006-07 budget at a cost of \$560,000, designate the unexpended funds from FY 2005-06 to the Lauro Debris Basin Rehabilitation Project and authorize procurement of bids from pre-selected contractors for construction of the project, seconded by Director Abel, passed 5/0/2, Director Loudon abstained and Director Lieberknecht was absent.

9. Disposition of Excess Funds From FY 2005-2006

The recommendation from item #9 was discussed and included in the motion made by Director Williams during item #8.

10. Development of Integrated Regional Water Management Plan

Ms Rees highlighted the information included in the Board packet. Included were meeting minutes and agendas from the Partner's meetings held during the last month and the review draft of submitted projects. Ms Rees explained the process by which the submitted projects were being incorporated into the Plan. It is expected that the Plan will be ready for the various Boards approval in March 2007

11. Cachuma Project Renewal Master Contract Interest Rate Adjustment.

a. Counsel's Opinion Letter Regarding COMB Board's Approval of Revised M&I Interest Rate

Included in the Board packet was Counsel's opinion letter concerning the ability of the Board of Directors of COMB to act on behalf of its Member Units to accept the interest rate modification proposed by Reclamation pursuant to a term in COMB's Joint Powers Agreement. ID#1 thought the action taken by the COMB Board was not legally valid or appropriate, and indicated by letter that they believed an amendment to the Renewal Master Contract was necessary. COMB Counsel advised the Board that the interest rate adjustment was an administrative action that was negotiated with Reclamation, and that it did not necessitate amending the Renewal Master Contract. Ms Rees reported that she had met with Kirk Rodgers, Mid-Pacific Regional Director, and confirmed that Reclamation did not intend to amend the Renewal Master Contract. A letter is being prepared to be signed by Mr. Rodgers binding Reclamation to the new interest rate. Ms Rees will follow up with Reclamation to request that Mr. Rodgers sign and forward the letter to COMB as soon as possible.

12. Meeting Schedule

January 22, 2007, Regular COMB Board meeting following the 2:15 P.M. CCRB Board meeting, at the COMB office.

13. COMB Adjournment

There being no further business, the meeting was adjourned at 10:05 a.m.

Respectfully submitted,

Kate Rees, Secretary of the Board

APPROVED:

Chuck Evans, President