

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
CARPINTERIA VALLEY WATER DISTRICT**

April 26, 2006

President Lemere called the regular meeting of the Board of Directors of Carpinteria Valley Water District to order at 4:30 p.m. Wednesday April 26, 2006, and led the Board in the recital of the Pledge of Allegiance.

Directors Present: Drain, Lemere, Lieberknecht, Roberts, Van Wingerden,

Directors Absent: none

Others Present: Charles Hamilton
Bob McDonald
Suzie Lara
Katherine Stone
Chip Wullbrandt
Doug Brown
Simon Poulter
Bob Odle
Bruce Burnsworth
Vera Bensen
Roxanne Lapidus
Kathleen Wigle
John Wigle
Paul Sisolak
Martin Sanchez

MINUTES

Following discussion, Director Van Wingerden moved and Director Roberts seconded the motion to approve the minutes of the regular Board meeting held on March 22, 2006 as corrected for a minor typographical error. The motion carried by a 5-0 vote.

MONTHLY BILLS

Following discussion, Director Drain moved and Director Van Wingerden seconded the motion to approve the monthly bills for the period of March 29, 2006 through April 25, 2006. The motion carried by a 5-0 vote

PUBLIC FORUM

No one from the public wished to address the Board on a matter not on the agenda.

OLD BUSINESS

There was no Old Business.

NEW BUSINESS

**REFINANCING OF
CERTIFICATES OF
PARTICIPATION -
RESOLUTION NO. 829**

This matter, having been presented and acted upon at the immediately preceding meeting of the Carpinteria Valley Water District Financing Corporation, was not further discussed. Director Roberts moved and Director Drain seconded the motion to adopt Resolution No. 829 Authorizing the Execution and Delivery of Not to Exceed \$10,000,000 Refunding Revenue Certificates of Participation, Approving the Execution and Delivery of Certain Documents and Authorizing Certain Acts in Connection Therewith.

Roll call on Resolution No. 829 resulted as follows:

Ayes: Lieberknecht, Van Wingerden, Drain Roberts and Lemere
Nays: none
Absent: none
Abstentions: none

The motion carried unanimously.

**STORAGE TANK
PROJECT EIR
ADDENDUM NO. 2**

President Lemere opened the noticed public hearing on the proposed Addendum No. 2 to the Environmental Impact Report for the District's Water Storage Tank Project and Rancho Monte Alegre Annexation. Katherine Stone, Special Counsel to the District, then addressed the Board about the California Environmental Quality Act requirements for an Environmental Impact Report addendum such as the one under consideration. She suggested that due to the number of comments received from members of the public and other public agencies that the Board may wish to extend the public hearing on this matter.

Simon Poulter of Padre Associates, the consulting firm hired by the District to prepare Addendum No. 2, then presented the report and discussed the various Project changes that it addressed. Comments were received by Roxanne Lapidus relative to Oak tree impacts and environmentally sensitive habitat; Vera Bensen relative to the source of fill dirt, impacts to a conservation easement and drainage; Kathleen Wigle relative to the Environmental Impact Report adequacy and public process, and John Wigle representing neighbors John Williams and Glen Teton concerning the detention basin. Director Drain questioned the nature of the temporary bridge over Santa Monica Creek; Director Roberts inquired about cut and fill analysis, the disposition of the old dirt road where the new road deviates from its original course, and geotechnical analysis relative to holding ponds on Rancho Monte Alegre. Director Roberts also questioned the propriety of the District being the lead agency for construction of a road not primarily needed for water service by the District.

Following discussion about the schedule and General Manager Hamilton's suggestion that the drainage issue be considered separately at the Board meeting on May 17, President Lemere continued the public hearing on Addendum No. 2 to the Board meeting of May 24, 2006.

**OPTION
AGREEMENT FOR
BUYER (PLAINS
EXPLORATION &
PRODUCTION
COMPANY) TO
PURCHASE
DISTRICT STATE
WATER
ALLOTMENT –
RESOLUTION NO. 831**

General Manager Hamilton summarized the year and a half process leading up to this proposed action item, requiring considerable time of Directors and staff, Central Coast Water Authority (CCWA) staff, and assistance from Jim Stubchaer, special consultant to the District for this matter. He noted that review and approvals of the CCWA Operating Committee and CCWA Board of Directors scheduled for special meetings in the following week are two more actions necessary to consummate this Agreement pending favorable District Board action this afternoon.

Mr. Hamilton then presented PowerPoint slides to summarize basic financial terms of the proposed Option Agreement between the District and

Plains Exploration & Production Company (PXP) to acquire 400 AF of District State Water Project Allotment through the Central Coast Water Authority.

As consideration for the option given by the District, PXP agrees to pay the District \$750/AF or \$300,000/year for as long as they hold the option, up to 5 years. If and when PXP is ready to execute the option, by means of the Subcontract included with the Option Agreement, and make use of the water, it will pay the District annually about \$1500/AF or \$600,000, and at that time also pay a Buy-in fee estimated to be above \$2 million. The Buy-in fee amount increases every year by the amount of fixed costs the District is obligated to pay CCWA annually to maintain the District's right to use the water.

The District also agrees in the Option Agreement to work cooperatively with PXP to enable eventual transfer of title to the water to some water purveyor. Until this occurs, the District remains directly responsible to CCWA for the right to use the water, and PXP is treated as a customer of the District. All costs billed to the District by CCWA in presenting and processing the District's title transfer request on behalf of PXP to the Authority will be reimbursed by PXP. The District bears no costs or responsibilities in otherwise assisting PXP obtain whatever governmental approvals are necessary for PXP to transfer the water rights to a water purveyor.

Bob Odle, representing PXP, commented that he was impressed with the amount of work by those involved to reach this point, and that it was indeed not always easy.

Counsel Wullbrandt noted that one of the thornier negotiation issues had to do with approvals associated with various assignment options, and also necessitated accommodation of Santa Maria's interests.

Following discussion, Director Roberts moved and Director Drain seconded the motion to adopt Resolution No. 831 Authorizing the Execution of an Option Agreement to Purchase State Water Project Allotment.

Roll call on Resolution No. 831 resulted as follows:

Ayes: Van Wingerden, Drain, Roberts, Lemere

Nays: Lieberknecht

Absent: none

Abstentions: none

The motion carried by a 4-1 vote.

**RULES AND
REGULATIONS
CHANGE TO
ADDRESS MUTUAL
AID STATUS OF
CARPINTERIA**

Following discussion Director Roberts moved and Director Lieberknecht seconded the motion to change the District Rules and Regulation to read as follows:

“Carpinteria Sanitary District (CSD) Hydrant Meter for On-Going Use: The Carpinteria Sanitary District uses a temporary hydrant meter for the purpose

SANITARY DISTRICT of filling its sewer hydrocleaning equipment at remote locations within its service area on a routine basis. CSD equipment is made available to CVWD periodically on an as-needed mutual aid basis. No Monthly Service Charges (MSC) for the temporary hydrant meter, or deposit requirements will be assessed. Any and all water use shall be billed at the Type I (ii) Commercial water rate. There will be no change for temporary hydrant meter relocation so long as CVWD has access to read the meter on a monthly basis, day to be specified by CVWD.”

The motion carried unanimously.

**GENERAL
MANAGER'S
REPORTS**

FINANCIAL Mr. Hamilton presented the Financial report for the month of March, 2006.

WATER SUPPLY Mr. Hamilton presented the Water Supply report for the month of March, 2006.

ENGINEERING Mr. McDonald presented the Project Status report for the month of March, 2006.

OPERATIONS Mr. Hamilton presented the Operations and Maintenance Report for the month of March as an informational item.

GENERAL

**WALL STREET
JOURNAL ARTICLE
“FINDING OUT
WHAT’S IN YOUR
WATER”** Mr. Hamilton had nothing to add to this information item in the Board packet.

**CAPITAL
IMPROVEMENT
PROGRAM** Mr. Hamilton had nothing new to report on this item.

STORAGE TANK Mr. Hamilton had nothing new to report on this item.

**CARPINTERIA
RESERVOIR** Mr. Hamilton had nothing new to report on this item.

**ORTEGA
RESERVOIR** Mr. Hamilton informed the Board that the next Ortega meeting will be held on May 2nd at the District.

**HEADQUARTERS
WELL** Mr. Hamilton had nothing new to report on this item.

**DIRECTORS
REPORTS**

**CACHUMA
CONSERVATION
RELEASE BOARD
MEETING**

Director Lieberknecht presented an oral report about the April 24, 2006 Cachuma Conservation Release Board meeting.

**CACHUMA
OPERATION AND
MAINTENANCE
BOARD MEETING**

Director Lieberknecht presented an oral report about the April 24, 2006 Cachuma Operation and Maintenance Board meeting.

ADJOURNMENT

President Lemere announced that the next scheduled Board meeting will be a regular meeting held on May 17, 2006, at 4:00 p.m. in the Board meeting room at 1301 Santa Ynez Avenue.

President Lemere declared the meeting adjourned at 6:23p.m.

Charles B. Hamilton, General Manager/Secretary