

RESOLUTION NO. 24-01
OF THE BOARD OF DIRECTORS OF THE BORREGO SPRINGS WATERMASTER
PROVIDING ADMINISTRATIVE DIRECTION IN THE ACCOUNTING OF CARRYOVER

A. Recitals.

(i) Based on a recent transaction between BPA Parties concerning the sale and transfer of land and its associated BPA, there was some confusion as to the ability of the Transferor to retain Carryover without retention of a specified quantity of BPA.

(ii) The Watermaster Board understands that any BPA Party's generation and retention of Carryover depends on that BPA Party retaining BPA and the amount of the retained Carryover cannot exceed two times the amount of the retained BPA.

(iii) This Watermaster Board also understands that the above stated numerical relationship between a Party's BPA and Carryover is a permanent requirement, and must be reflected in all Watermaster year-end accounting entries dealing with BPA, Pumping, Transfers, and Carryover.

(iv) Accordingly, Watermaster staff is instructed to account for the amount of Carryover held by a Pumper in the manner stated below.

B. Resolution.

NOW, THEREFORE, it hereby is found, stated, and resolved as follows:

1. A BPA Party who elects to retain unpumped Annual Allocation as Carryover is limited to retaining Carryover in an amount equal to or less than two times the amount of BPA held by that Pumper at the time of that acquisition.

2. A BPA Party who acquires Carryover from another BPA Party via Carryover Transfer or Annual Allocation Lease may only acquire Carryover in an amount that does not cause the transferee Party to have a total Carryover amount that exceeds two times the amount of the BPA held by the Transferee.

3. A BPA Party who transfers its BPA, to another BPA Party through Permanent Transfer is limited to retaining Carryover in an amount that is equal to or less than two times the amount of the retained BPA. If the retained BPA is zero acre-feet, no Carryover may be retained by the Transferor.

4. The two Parties with non-BPA water rights—the Borrego Unified School District and Anza Borrego Desert State Park—are limited to acquiring Carryover from a BPA Party only in an amount equal to or less than that amount needed to offset or cure Overproduction or avoid or lessen an Overproduction Penalty. These Parties shall not hold a Carryover balance.

5. If, at the time Watermaster prepares its annual accounting of water rights, any BPA Party that purports to hold Carryover in excess of two times that Party's BPA as of the end of the accounting year, Watermaster shall only acknowledge and make an accounting entry for Carryover

equal to two times that Party's BPA, and the Party's claim of Carryover in excess of that amount shall be deemed to be abandoned by that Party.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Borrego Springs Watermaster held on the 9th day of May, 2024 by the following vote:

AYES: Chair Duncan, Vice Chair Bilyk, Director Jorgensen, Alternate Director Pinel, and Director Bennett

NOES:

ABSENT:



David Duncan, Chairperson
Board of Directors



Shannon Smith, Secretary of the Board
ATTEST