

**CARPINTERIA SANITARY DISTRICT
IN THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

MINUTES

These are the **minutes** of the **special** meeting of the Governing Board of the Carpinteria Sanitary District in the City of Carpinteria, County of Santa Barbara, and State of California.

The Governing Board of the Carpinteria Sanitary District held a special meeting on **July 2, 2012**, at 5:30 p.m. at its District administrative office located at 5300 Sixth Street, Carpinteria, California.

Directors Present: Lin Graf – President
Jeff Moorhouse – President Pro-Tem
Pat Horwitz – Treasurer
Mike Modugno – Secretary
Michael Damron – Secretary Pro-Tem - **ABSENT**

Staff Present: Craig Murray – General Manager
Kim Garcia – Board Clerk
Hamid Hosseini – Finance Director

Legal Counsel
Present: Anthony Trembley – Musick, Peeler & Garrett, LLP

Public Present: Mr. Thomas Johnsen – Fieldman, Rolapp & Associates
Mr. Patrick J. Reeves, P.E. – Penfield & Smith
Mr. Scott Ferguson – Jones Hall
No other public present.

President Graf called the meeting to order and led the Board, staff and public in the Pledge of Allegiance.

Board Approval of Agenda - President Graf asked if there were any modifications and/or changes to the agenda. Hearing none, President Graf said the agenda was approved as submitted.

Board Approval of Minutes of the Meeting of June 19, 2012 – Director Horwitz made a motion that the Minutes of the June 19, 2012 Board meeting be approved as submitted; Director Modugno seconded the motion, and the motion was approved by a 4-0 vote.

President Graf noted, for the record, that Director Damron was absent from the Board Meeting.

Public Forum – None.

Assessment District 2007-1 Bond Refinancing – Resolutions Nos. R-252, R-253 &

R-254 – General Manager said the District, in March 2009, following the formation of Assessment District 2007-1, issued limited obligation improvement bonds to provide a long term financing mechanism for homeowners within the three benefit areas of the assessment district to support the septic to sewer conversion project. Property owners were given the opportunity to pay cash upfront for the assessment. Out of one hundred and thirty three parcels, seventy nine currently have liens against their property. Approximately \$6M in bonds were issued, with serial maturities through 2032 and a term bond maturing in 2039. Coupon rates ranged between 3.25% and 6.90%.

General Manager said since 2009, there has been a significant improvement in the market for land secured limited obligation bonds. The District and its independent financial advisor, Fieldman, Rolapp and Associates, have carefully analyzed the issue and evaluated the opportunity to refinance the bonds. General Manager said conservative analysis anticipates that a refunding in the current market would result in a net present value savings greater the 10%.

General Manager said Scott Ferguson of Jones Hall will provide an overview of the process, as well will go over each resolution on tonight's agenda. General Manager said the District must carry out the reassessment proceedings under the Streets and Highways Code. A reassessment engineer's report has been prepared by Penfield & Smith which contains assessment diagrams illustrating the areas, each parcel and the lien amounts. If approved this document will be signed and recorded with the appropriate counties.

Mr. Ferguson said the refinancing process must meet three test criteria in order for it to be classified as a summary reassessment procedure which allows for a much quicker process. The tests state that each parcel's annual payment, after refinancing, must be reduced; the new overall lien amount must be less than the original assessment and lastly, the maturity date cannot be extended. The District has met the three criteria allowing the required resolutions to be passed in one meeting and without holding a public hearing.

Mr. Ferguson reviewed each of the resolutions. Resolution No. R-252 declares the intention of the Board to refund the outstanding assessment bonds, and to levy reassessments as security for refunding bonds. This resolution also appoints Penfield & Smith as the reassessment engineer. Resolution No. R-253 approves and adopts the engineer's report and confirms that the three tests were made and satisfied and that the parcels on which the reassessments will be levied will be specially benefited by the reassessments. Resolution No. R-254 authorizes the proposed bond sale and approves the execution of the Preliminary Official Statement, the Bond Purchase Agreement and the Fiscal Agent Agreement.

Mr. Ferguson said these assessments will replace the existing liens against the properties. The existing bonds will be called. Stone & Youngberg will sell a new series of bonds.

General Manager said the District's financing team has participated in the preparation and review of these documents. General Manager said Scott Ferguson is here to answer any questions that the Board may have, as the ultimate responsibility for the Preliminary Official Statements rests with the Board. The Bond Purchase Agreement is an agreement between the District and Stone & Youngberg, the bond underwriter. The District also has an obligation to execute a Continuing Disclosure Certificate. NBS will continue to provide continuing disclosure services. The Fiscal Agent Agreement will re-establish an agreement between the District and the Bank of New York Mellon Trust Company.

General Manager said the timing of the bond sale, and the refinancing plan, is based on a schedule that will result in completion of the transaction in time to allow the annual property owner assessments to be adjusted downward for the 2012/13 tax year.

Director Modugno asked how the homeowners would be notified of the reassessment. General Manager said Dave Rundle of Penfield & Smith will update the Rincon homeowners at their association meeting Saturday, July 7th.

Director Horwitz made a motion that the Board adopt Resolution R-252 as presented. Director Modugno seconded the motion and the motion was approved by the following 4-0 roll call vote: Director Moorhouse voted aye, President Graf voted aye, Director Horwitz voted aye, and Director Modugno voted aye.

Director Horwitz made a motion that the Board adopt Resolution R-253 as presented. Director Moorhouse seconded the motion and the motion was approved by the following 4-0 roll call vote: Director Moorhouse voted aye, President Graf voted aye, Director Horwitz voted aye, and Director Modugno voted aye.

Director Horwitz made a motion that the Board adopt Resolution R-254 as presented. Director Moorhouse seconded the motion and the motion was approved by the following 4-0 roll call vote: Director Moorhouse voted aye, President Graf voted aye, Director Horwitz voted aye, and Director Modugno voted aye.

Update on Refunding of 2003 Wastewater Revenue Bonds – General Manager introduced Tom Johnsen of Fieldman, Rolapp & Associates, who provided an update on the process to refinance the District's 2003 Wastewater Revenue Bonds.

Mr. Johnsen said there has been a determination that the most efficient way to sell the bonds may be through an existing joint powers authority agreement. All fronts are moving forward, but at a slower rate than the assessment district bonds. Mr. Johnsen said the revenue bonds can be called on any date, so there is no hard deadline to complete the transaction. Mr. Johnsen projects presentation of bond related actions to the Board in late August or early September. Mr. Johnsen said the interest rate environment is still favorable for this type of municipal bonds.

President Graf asked if the other agency that is part of the joint powers authority is not interested in this transaction, where does that leave the District. Mr. Ferguson said certificates of participation could be issued instead of bonds.

General Manager said if the District chose not to pursue new money, the existing debt could be refunded without using the joint powers authority. District staff is still investigating the cost and scope of the digester project. There was discussion regarding the background of the joint powers authority.

President Graf thanked Mr. Ferguson, Mr. Johnsen and Mr. Reeves for their attendance.

President Graf stated that the Board would take a short recess at 6:07 p.m. for the purpose of executing approved documents for recordation.

President Graf reconvened the meeting at 6:20 p.m.

2012 CASA Annual Conference – President Graf said this item was on the agenda as an informational item for any Board member who might want to attend the 2012 CASA Annual Conference to be held in Monterey on August 8-11, 2012. President Graf said he would be attending. Director Modugno said he was interested in attending the conference. President Graf suggested that any Board member who was interested to contact the Office Manager/Board Clerk.

Finance Committee – Did not meet.

Personnel Committee – Did not meet.

Public Relations Committee – Did not meet.

CASA Legislative Committee Report – Director Moorhouse reported that CASA has been busy monitoring bills.

LAFCO Report – Director Moorhouse said he will be attending the LAFCO meeting on Thursday, July 5th.

SBCSDA Report – None.

Board Member Vacation Dates – None.

Future Agenda Items – None.

CLOSED SESSION – 6:25 p.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to Government Code Section 54956.9(b): one case. Personnel related litigation.

RECONVENE OPEN SESSION – 6:33 p.m. President Graf reconvened the open session. Legal Counsel reported, consistent with Government Code Section 54957.1, that the Board of Directors approved, with a 4-0 vote, a settlement and general release agreement between the District and Refugio Carrillo. The agreement resolves any dispute between the District and Mr. Carrillo arising out of his former employment with the District. The District will pay the sum of \$22,435.60 to Mr. Carrillo. Mr. Carrillo releases and waives any claims against the District arising from his employment and separation from the District. The District makes no admission of liability.

Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 6:34 p.m.

Lin Graf
President

Mike Modugno
Secretary

Jeff Moorhouse
President Pro-Tem

ABSENT
Michael Damron
Secretary Pro-Tem

Pat Horwitz
Treasurer