

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

MINUTES

These are the **minutes** of the **regular** 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 regular meeting on **August 21, 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 - **absent**
Michael Damron – Secretary Pro-Tem

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

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

Public Present: None

President Graf called the meeting to order and asked Director Horwitz to lead the Board and staff in the Pledge of Allegiance.

President Graf said, for the record, Director Modugno and District Legal Counsel were absent from tonight's meeting.

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 July 17, 2012 – Director Damron made a motion that the Minutes of the July 17, 2012 Regular Board meeting be approved as submitted; Director Horwitz seconded the motion, and the motion was approved by a 4-0 vote.

Public Forum – None.

General Manager's Status Report – General Manager reported on the following:

2003 Wastewater Revenue Bond Refunding Update – General Manager said District staff and the finance team are moving forward with the refinancing process and market conditions remain favorable. Staff will be pursuing an independent credit rating for the agency. The District has had positive communications with the South Coast Water District regarding reestablishment of the Coastal Districts Financing Authority, a JPA that was formed for the original bond issue in 1993. It is expected that Board action related to this matter will be requested at the next regular meeting.

CASA Annual Conference Report – General Manager said he attended the 2012 CASA Annual Conference in Monterey, August 8-10. Roberta Larson was introduced as the newly hired CASA Executive Officer. Gordon Graham gave a presentation on organizational risk management at the CSRMA Risk Management Workshop on Wednesday. A copy of the CASA Annual Conference Newsletter was attached to the Board packet.

CSRMA Survey – General Manager said District staff participated in a comprehensive survey sponsored by CSRMA that will evaluate administrative practices and procedures among its member agencies. Once the information is compiled and distributed by CSRMA, staff will share the results with the Board.

LAFCO Sphere of Influence and MSR Process – General Manager said staff met with Bob Braitman, LAFCO's Executive Officer, to discuss the status of the Municipal Service Review and Sphere of Influence Update process for the District. The District desires a SOI that reflects a logical ultimate service area boundary, including agriculturally zoned parcels. Mr. Braitman, at the September 6th LAFCO meeting, will engage the Commissioners in a policy discussion regarding a potential SOI modification for the District. Director Moorhouse said the policy will likely be a future LAFCO commission agenda item.

Collection System Supervisor Recruitment – General Manager said the District received 32 applications for the open position by the August 10th deadline. Interviews have been scheduled with the top candidates for Monday, August 27th.

Operations Update – General Manager said the WWTP is operating in full compliance with our NPDES permit. A copy of the internal weekly operations report was included in the packet for reference. The collection system is operating well with no problems or overflows to report since the last meeting. The Vac-Con went in for routine service and minor repairs the week of August 6th. Montecito Sanitary provided stand-by support while the unit was out of service. Signa Mechanical provided a one-day training session for District staff on troubleshooting and repair of the E-One grinder pumps. District staff has built a complete test station and control panel in the maintenance shop to facilitate pump assessment and repair. Operations staff continue to assist with routine pipeline maintenance on an as-needed basis. Staff is completing CCTV inspection of several line segments that had not previously been inspected.

2012 General Election - Carpinteria Sanitary District – General Manager said this item was on the agenda to provide the Board with information related to the upcoming election. General Manager said the District will not be holding an election for the three open seats. Candidacy papers were filed by the August 15th deadline by two incumbents, Directors Damron and Moorhouse, and one other candidate, Gerald Velasco. Director Horwitz did not pursue a seat on the Board and completion of her current term will represent fifteen years of dedicated service to the District.

General Manager said since there will be no election, the three candidates who will be appointed in-lieu of an election, will take office at noon on the first Friday in December. It is anticipated that oaths of office will be administered on December 18th at the regularly scheduled Board meeting.

Assessment District 2007-1 Bond Refinancing Report – General Manager said at the Boards last regularly scheduled meeting, July 17th, an oral report was provided regarding the bond refinance process and a pre-pricing call that had occurred that morning. At that time, it was indicated that the market was very favorable. On July 18th, the morning of the sale, the industry index for land-secured bonds hit all-time, historic lows. This allowed the underwriter to lower the interest rate schedule further during the marketing period. General Manager said subscriptions for all \$5.535M in bonds were received and the District entered into a Bond Purchase Agreement with Stone & Youngberg, the underwriter, on July 18th.

General Manager said in the two-week period following the sale, the team worked to complete the necessary paperwork and conclude the transaction. Updated liens were recorded, reflecting the new assessment amounts, all closing documents were executed and the closing occurred on July 31st.

General Manager said the refinancing will result in over \$1M in present value savings for the property owners within the assessment district. Annual savings will range between \$630 and \$1,220 per parcel, depending on the original assessment amount.

General Manager said District staff sent a letter to each property owner notifying them of the successful bond refinancing and the savings they will recognize as a result. The District has received positive feedback from several of the land owners. A press release on the refunding and associated savings was prepared and distributed.

Standard & Poor's Rating Agreement – Wastewater Revenue Refunding Bonds, Series 2012 – General Manager said the bonds issued by the District in 2003 were insured by MBIA and the District did not obtain its own underlying credit rating. For the bond refinancing and new money opportunity process, external insurance is not considered a cost-effective or strategic solution for this type of bond issue in today's environment. General Manager said the District could maximize its savings by obtaining an independent credit rating.

General Manager said Standard and Poor's agreement would authorize them to provide review and analysis necessary to issue a private credit rating for the District. The proposed fee to provide the rating is \$17,000 which, ideally, will be paid through the cost of issuance.

General Manager said staff's recommendation is that the Board approve the agreement with Standard and Poor's as presented and to authorize the General Manager to execute the contract.

Director Moorhouse made a motion that the Board approve the agreement with Standard and Poor's Rating Services, dated August 13, 2012, as presented; Director Horwitz seconded the motion, and the motion was approved by a 4-0 vote.

Digester Replacement Project Update and Design Review – General Manager said he will be giving a presentation and slide show to provide the Board with an update of the design progress for the Digester Replacement Project.

General Manager said in 2011, the Board provided specific direction, on this significant capital project, to replace the two existing digester structures within the District's wastewater treatment facility. Preliminary design activities, including a comprehensive geotechnical investigation, have identified constraints to the originally proposed location and configuration of the new tank structures. General Manager said staff would like to solicit input from the Board before moving the project down a modified path.

General Manager said the District engaged a geotechnical firm who by using boring and cone penetrometer methods performed soil testing. Their findings indicated liquefaction potential at the proposed site.

General Manager said the existing structures are supported by a series of approximately seven hundred driven piles, seventy feet deep, into hard pack consolidated sand. At the time of construction, that approach was seismically adequate and no structural problems or settlement have occurred. However, current seismic design requirements are more stringent and would require a more complex foundation design. Additionally, differential settlement could occur between the existing structure and the new structure. Therefore, the new structure was recommended to be built at least fifteen feet away from the existing structure. General Manager said these constraints caused the project cost to rise. As well, the placement of the new tank would create a spatial issue relative to the existing structure and would not allow for adequate access to other equipment within the treatment plant facility.

General Manager presented probable construction costs and operational pros and cons of five different design alternatives. The Board discussed, in detail, the information presented and provided input to staff. It was the consensus of the Board to continue to pursue the option of constructing new digester tanks and also to pursue public bond financing for the capital project, as market conditions remain favorable.

Board Workshop / Strategic Planning Session – General Manager said this item was on the agenda as an opportunity for the Board to provide direction to staff regarding development of a Board Workshop and appropriate timing.

Director Damron proposed that the workshop be deferred until after the appointment of the new Board member.

The consensus of the Board was to postpone the Board Workshop until after the new calendar year and the appointment of the new Board member.

Finance Committee – Director Horwitz reported the Finance Committee met on August 20th and reviewed the monthly budget report, quarterly investment report, the semi-annual insurance report and received an update on the bond refinancing.

Personnel Committee – Did not meet.

Public Relations Committee – Did not meet.

CASA Legislative Committee Report – Director Moorhouse reported he attended the Legislative Committee meeting on August 10th at the 2012 CASA Annual Conference in Monterey. Director Moorhouse reported on several items including pension reform and Brown Act compliance and reimbursement.

LAFCO Report – Director Moorhouse said he will be attending the September LAFCO meeting.

SBCSDA Report – None.

Board Member Vacation Dates – None.

Future Agenda Items – None.

Adjournment. There being no further items to discuss, President Graf adjourned the meeting at 7:09 p.m.

Lin Graf
President

Mike Modugno
Secretary

Jeff Moorhouse
President Pro-Tem

Michael Damron
Secretary Pro-Tem

Pat Horwitz
Treasurer