

**MINUTES OF THE REGULAR MEETING
of the
BOARD OF DIRECTORS
of the
MONTECITO SANITARY DISTRICT**

January 30, 2017

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on January 30th at 1042 Monte Cristo Lane, Montecito, California.

ATTENDANCE

Present: Directors Thomas Kern, Jeff Kerns, Judith M. Ishkanian, Warner B. Owens, and Bob Williams

Also Present: Diane M. Gabriel, MSD General Manager/District Engineer
Toni M. McDonald, MSD District Administrator
Alex Alonzo, MSD Operations Manager
Carole Rollins, MSD Laboratory/Pretreatment Manager
Ricardo Larroude, MSD Collections Supervisor
Daniel Jacquez, MSD Chief Plant Operator

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes of December 12, 2016 were included in the agenda packet.

Director Ishkanian noticed a mistake on a date listed in Public Comment.

On MOTION by Director Owens and second by Director Kerns, the Board approved unanimously without abstention the minutes of December 12, 2016, as corrected.

3. APPROVAL OF PAYROLL AND PAYABLES

On MOTION by Director Owens and second by Director Ishkanian, the Board approved unanimously without abstention these payroll and accounts payable expenses from December 12, 2016 through January 30, 2017:

Accounts Payable Expenses	\$ 267,373.46
Capital Improvement	241,825.08
Payroll Expenses	<u>247,896.99</u>
Total Expenses	\$ 757,095.53

4. PUBLIC COMMENT

None.

5. OLD BUSINESS

A. MONTECITO WATER REUSE

Director Owens reported that Montecito Water District (MWD) has discontinued its ad hoc Recycled Water Committee and its Strategic Planning Committee will discuss recycled water.

Engineering Manager Poytress reported that she and General Manager Gabriel had met with MWD's General Manager, Engineer, and Public Relations Officer and an RMC consultant. They had discussed how MWD may further study recycled water use and that it may apply for a state planning grant.

ACTION: None

6. NEW BUSINESS

A. ANNUAL REPORT TO THE REGIONAL WATER QUALITY CONTROL BOARD

The National Pollution Discharge Elimination System (NPDES) annual report was included in the agenda packet as Exhibit A. General Manager Gabriel introduced Laboratory and Pretreatment Manager Carole Rollins and Chief Plant Operator Daniel Jacquez, who went over the report in detail and answered questions from the Board.

General Manager Gabriel introduced Rico Larroude, Collections Supervisor, who presented an overview of the Collection System Maintenance 2016 accomplishments and goals for 2017, which are requirements of the annual reporting.

There were no violations to the NPDES permit and no sewer service overflows for all of 2016.

The Board congratulated staff for another terrific year.

ACTION: None

B. OCEAN OUTFALL – ANNUAL INSPECTION

Laboratory and Pretreatment Manager Rollins presented a summary of the Ocean Outfall Pipeline Exterior inspection completed by Harbor Offshore on December 7, 2016. This inspection concluded that the line is sound and well supported and the diffuser section is clear of obstructions and operating adequately

ACTION: None

C. CONTINUING DISCLOSURE ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2016

The Continuing Disclosure Annual Report for Fiscal Year Ending June 30, 2106 was included in the agenda packet as Exhibit B.

District Administrator McDonald explained that this report is a required component of the District's Certificate of Participation (COP) bond obligation. She explained that the Continuing Disclosure Annual Report summarizes Fiscal Year 2015-16 financial information and operating data. With the audited financial statements for Fiscal Year 2015-16, the report will be filed with the Electronic Municipal Market Access (EMMA) in compliance with SEC Rule 15c2-12 under the Securities Exchange Act of 1934.

On MOTION by Director Ishkanian and second by Director Kern, the Board approved unanimously without abstention the Continuing Disclosure Annual Report as presented and directed staff to file the report with EMMA.

ACTION: Staff

D. FISCAL YEAR 2016-17 CAPITAL IMPROVEMENT PROJECT STATUS REPORT

Engineering Manager Poytress reviewed the status of the current capital improvement projects.

ACTION: None

E. OPERATIONS AND MAINTENANCE (O&M) BUDGET STATUS REPORT THROUGH DECEMBER 31, 2016

District Administrator McDonald reviewed and answered questions about the O&M Budget Status report through December 31, 2016 which shows that the District is on track to end the year within budget.

ACTION: None

F. QUARTERLY INVESTMENT REPORT – DECEMBER 31, 2016

District Administrator McDonald discussed the change in investment accounts for the second quarter of Fiscal Year 2016-17.

ACTION: None

G. QUARTERLY INVESTMENT POLICY STATEMENT – DECEMBER 31, 2016

Director Kern summarized District Investment Policy 2013-883, which was adopted in October 2013, and read and signed the required Quarterly Certification Statement.

ACTION: None

H. FINANCE COMMITTEE – REPORT

Director Kern reported on the Finance Committee meetings of January 11th and January 26th.

ACTION: None

I. 2007 COPs FUNDING

District Administrator McDonald summarized the analysis performed by Fieldman, Rolapp and Associates regarding the current opportunity for refunding the 2007 Certificates of Participation (COPs). Refunding would save the District about \$128,000 annually until the debt is paid in full in 2037.

After discussion, on MOTION by Director Ishkanian and second by Director Owens, the Board approved unanimously without abstention the refunding the 2007 COPs and directed staff to move forward.

ACTION: Staff

J. MIRAMAR SEWER LIFT STATION AND FORCE MAIN PRELIMINARY DESIGN-STATUS REPORT

Engineering Manager Poytress reported on the status of the Miramar project.

ACTION: None

K. INFORMATION ITEMS

- Director Ishkanian reported on her term as president of SBCCSDA this past year.
- Directors Ishkanian and Williams reported on the CASA Winter Conference they attended in Palm Springs January 18th – 20th.

L. SEWER SERVICE AGREEMENTS SIGNED

- 733 San Ysidro Road – Pool Cabana
- 121 Olive Mill Road – Detached Home Office/Study
- 163 Santo Tomas Lane – Garage with Hobby Room
- 130 Pomar Lane – Study/Office and Workshop/Exercise structures

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the agenda packet.

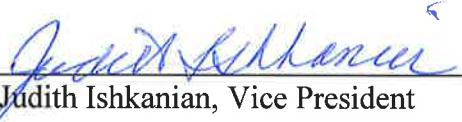
8. ITEMS FOR THE NEXT AGENDA

9. ADJOURNMENT

There being no other business, on MOTION to adjourn by Director Kern and second by Director Ishkanian, the MOTION passed unanimously without abstention and the meeting adjourned at 3:23 p.m.



Bob Williams, President



Judith Ishkanian, Vice President



Warner B. Owens, Secretary



Thomas N. Kern, Treasurer



Jeff Kerns, Director