

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

March 12, 2012

1. CALL TO ORDER

The Governing Board of the MONTECITO SANITARY DISTRICT met in regular session on the 12th day of March 2012 at 1042 Monte Cristo Lane, Montecito, California, at 1:15 p.m.

ATTENDANCE

Present: Directors Charles C. Arnold, Judith M. Ishkanian, Deirdre M. Cannata, Jeff Kerns, Edward P. McAniff

Absent: None

Also Present: Diane Gabriel, General Manager; Debbie Hughey, Office Manager

2. APPROVAL OF MINUTES OF THE LAST MEETING

The minutes from the prior Board meeting were included in the agenda packets for Board review.

President Kerns requested clarification on Item 6.B. regarding a request for relief of the sewer service charge fee to be paid by Mr. and Mrs. Strauss, Property Owners. The General Manager reported that the rate will be held at the current fee of \$1,080 as long as one or both live on their property and continue to qualify for the California Alternate Rates for Energy (CARE) program offered by utility companies.

Upon MOTION by Director Cannata, and seconded by Director Ishkanian, the minutes of February 13, 2012 were approved as submitted. President Kerns abstained as he was absent from the February 13th meeting.

3. APPROVAL OF PAYROLL AND PAYABLES

Upon MOTION by Director McAniff, and seconded by Director Cannata, the Board approved the PAYROLL AND ACCOUNTS PAYABLE EXPENSES for the District through March 12, 2012 as follows:

Accounts Payable (2/22/12)	\$25,346.39
Accounts Payable (3/02/12)	\$14,438.73
Accounts Payable (3/07/12)	\$81,634.03
Accounts Payable (3/12/12)	\$26,300.34

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Payroll (2/23/12)	\$38,212.92
Payroll Related (2/23/12)	\$12,791.80
Payroll (3/08/12)	\$36,994.35
Payroll Related (3/08/12)	\$32,083.49

TOTAL **\$267,802.05**

4. PUBLIC COMMENT

No member of the public was present to address the Board on non-agenda items.

5. OLD BUSINESS

A. A&O COMMITTEE MEETING – LEGAL FIRM INTERVIEWS

President Kerns reported that the A&O Committee met on Friday, February 24th to interview five different firms for prospective legal counsel. The firms that were interviewed were: Arnold, LaRochelle, Matthews, VanConas & Zirbel; Brownstein, Hyatt, Farber and Schreck; Law Office of Janet K. McGinnis; Price, Postel & Parma; and Reicker, Pfau, Pyle & McRoy. President Kerns stated that legal counsel interviews, although not conducted recently, should be performed periodically and he expressed that reviewing all the candidates in one day presented a good perspective. The A&O Committee felt that all the candidates had good experience, deserved the District's respect, and the District would be well served by working with any one of them. After reviewing the candidates, the Committee selected the Law Office of Janet K. McGinnis as their recommendation for legal counsel to the District. The Board thanked President Kerns and Vice-President Ishkanian for their hard work in this selection process.

ACTION: None

B. ORGANIZATIONAL MEETING

At their regular meetings on December 12, 2011 and January 9, 2012, the Board conducted Organizational Meetings to determine the officers, committee members and General Manager of the District. The remaining position to be filled was that of Legal Counsel.

After discussing the A&O Committee's recommendation, a MOTION was made by Director Arnold, and seconded by Director Cannata, that the Board accept the A&O recommendation and retain the Law Office of Janet K. McGinnis as legal counsel to the District. The MOTION passed unanimously. Letters, signed by President Kerns, will be sent to the firms not selected thanking them for their interest.

ACTION: President Kerns / Staff

6. NEW BUSINESS

A. SEWER REHABILITATION – AUTHORIZATION TO ADVERTISE FOR BIDS

The General Manager reported that construction plans and specifications have been completed for the rehabilitation (sliplining) of approximately 3.3 miles of sewer main in various locations throughout the District. The construction cost is estimated to be \$720,000. The rehabilitation of District sewer mains is a “mission critical” project identified as a project to be funded by COP funds. Currently the District has \$973,000 in COP funding designated for this project.

After discussion, a MOTION was made by Director Cannata, and seconded by Director Arnold, that the General Manager be given authorization to begin advertising this project for bids. Once the bids are received staff will return to the Board for their consideration of the award of contract. The MOTION passed unanimously.

ACTION: Manager Gabriel

B. CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY (CSRMA) – 2011 ANNUAL REPORT

The Board was given a copy of the 2011 CSRMA Annual Report for the period ending June 30, 2011. It was enclosed in the agenda packet for the Board’s review and information. The District is a member of CSRMA which is a Joint Powers Authority (JPA) comprised of approximately 60 member agencies. CSRMA provides a number of risk control services to the District. These services consist of Pooled Liability (general and auto); Pooled Workers’ Compensation (work-incurred injuries only); Public Entity Property Insurance (property insurance), Mobile Equipment Insurance (Vac-Con, generators, loader, etc.); and Master Crime Program. The Board had no questions on the CSRMA report.

ACTION: None

C. STATEMENT OF ECONOMIC INTEREST – FORM 700 FOR 2011

Manager Gabriel relayed to the Board that Pursuant to Government Code Section 87200 et seq., all designated employees listed in the District’s Conflict of Interest Code must file a statement of economic interests Form 700. The designated employees for the District are: Directors, General Manager, and Legal Counsel. These forms were mailed to the Directors and Legal Counsel on March 1st. The completed forms were collected and will be filed with the Santa Barbara County Clerk, Recorder & Assessor’s Office by the deadline of April 2, 2012.

ACTION: Staff

D. CONTINUING DISCLOSURE ANNUAL REPORT – JUNE 30, 2011

Manager Gabriel related to the Board that as a result of the COP funding and the Disclosure Agreement, the District has an obligation to file a Continuing Disclosure Annual Report. A copy of this report was enclosed in the agenda packets for review. Staff worked with Mr. Joshua Lentz, at Applied Best Practices, LLC who compiled the updated information using the current audited financial statements and service charge rates as of June 30, 2011. The report must and will be filed with specific nationally recognized municipal securities information repositories as approved by the Securities and Exchange Commission. A copy of the report will also be sent to the Bank of New York who serves as the administrators of the District's COP funds.

ACTION: Staff

E. CSDA FINANCE CORPORATION – CERTIFICATES OF PARTICIPATION CALIFORNIA SPECIAL DISTRICTS FINANCE PROGRAM 2007 SERIES UU – INSTALLMENT DATE COMPUTATION – JANUARY 2012

Debbie Hughey, Office Manager, reported to the Board that per the requirements of the District's Certificates of Participation (California Special Districts Finance Program) 2007 Series UU, the District is required to complete an Arbitrage Rebate Calculation every five years. This requirement is a result of the District obtaining tax-exempt bond proceeds in 2007 which were then invested. Borrowing COP funds obliges the District to obtain rebate calculations so that any profits over a certain amount are "rebated" to the Federal Government. A specialist in this field, Willdan Financial Services, was hired by the District to complete these calculations. Willdan reviewed the legal documents associated with the District bonds to identify proceeds that are subject to rebate as well as prepare an independent calculation of the yield on the bonds. This will be the District's first 5th year Arbitrage Report with the next update occurring in 2016. The report notes that there is no liability on the District's part for the period beginning March 2007 and ending July 1, 2011. A copy of the report was included in the agenda packet and the Board did not have any questions.

ACTION: None

F. INFORMATIONAL ITEMS

1. No Informational Items

G. AGREEMENTS TO BE SIGNED (Signed Prior to Board Meeting)

1. Residential Sewer Service Agreement – 830 Buena Vista Avenue – New Pool Cabana
2. Residential Sewer Service Agreement – 670 Hot Springs Road – Tea House, Two Pool Cabanas, Three Garages Converted to Auxiliary Units

H. AGREEMENT TO BE SIGNED

Residential Sewer Service Agreement – 1401 East Pepper Lane – Play House Auxiliary Structure

7. OPERATIONS AND MAINTENANCE

The Board reviewed the Operations and Maintenance information included in their agenda packets.

8. ITEMS FOR FUTURE AGENDAS


1. Tour of the new laboratory building
2. Introduction of Janet K. McGinnis, Legal Counsel

9. ADJOURNMENT


There being no further business to come before the Board, it was MOVED by Director Cannata, and seconded by Director Ishkanian, that the meeting be adjourned. The MOTION carried, and the meeting adjourned at 2:10 pm.

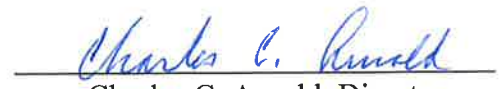


Jeff Kerns, President



Judith M. Ishkanian, Vice-President

Edward P. McAniff, Treasurer

Deirdre M. Cannata, Secretary

Charles C. Arnold, Director