

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

**April 10, 2017**

**1. CALL TO ORDER**

The Governing Board of the MONTECITO SANITARY DISTRICT convened a regular meeting at 1:15 p.m. on April 10th 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  
Carrie Poytress, MSD Engineering Manager  
Janet McGinnis, MSD Legal Counsel  
Jim Fabian, Fieldman, Rolapp & Associates  
Cyrus Torabi, Stradling, Yocca, Carlson & Roth

**2. APPROVAL OF MINUTES OF THE LAST MEETING**

The minutes of March 27, 2017 were included in the agenda packet.

On MOTION by Director Kerns and second by Director Kern, the Board approved unanimously without abstention the minutes of March 27, 2017.

**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 March 13, 2017 through April 10, 2017:

Accounts Payable Expenses	\$ 41,860.26
Payroll Expenses	<u>85,456.98</u>
Total Expenses	\$ 127,317.24

**4. PUBLIC COMMENT**

None.

**5. OLD BUSINESS**

**A. MONTECITO WATER REUSE**

Engineering Manager Poytress reported the Montecito Water District has scheduled its Strategic Planning Committee to meet the second Tuesday of the month at 2 p.m. Director Owens and Director Williams discussed an Opinion piece entitled “Water Woes in Santa Barbara” printed in the Santa Barbara News-Press the day before. Copies of the article were distributed to the Board and staff.

ACTION: None

**6. NEW BUSINESS**

**A. FINANCE COMMITTEE MEETING REPORT**

Director Kern reported the Finance Committee met three times in March regarding the 2017 Sewer Refunding Bonds. At the March 30<sup>th</sup> meeting, the Committee reviewed the final draft of Resolution No. 2017-903 and the legal documents for refinancing. The Committee is recommending moving forward with the refunding and adoption of Resolution No. 2017-903.

ACTION: Board

**B. RESOLUTION NO. 2017-903 – AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$11,000,000 PRINCIPAL AMOUNT OF 2017 SEWER REFUNDING REVENUE BONDS AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH**

At its meeting on January 30, 2017, the Board approved moving forward with refunding the 2007 Certificates of Participation (COPs). At the March 13<sup>th</sup> meeting, the Board approved the use of available unreserved cash up to \$1.5M to buy down the COP debt and shorten the term by seven years (from 2037 to 2030).

Mr. Jim Fabian, the District’s Financial Advisor from Fieldman, Rolapp & Associates, spoke to the Board regarding the financial benefits of refunding at this time. He explained the current bond market and the use of available cash to buy down the existing debt creates a favorable opportunity for the District, allowing the District to keep the annual debt service payment close to current payment but also decreasing the maturity term by 7 years. This decrease in term and true interest cost of <3% will create net savings of approximately \$4M. Mr. Fabian also announced the Standard & Poor’s rating of the District had increased from AA to AA+, based on the recent review of the District.

Mr. Cyrus Torabi, Bond Counsel of Stradling Yocca Carlson & Rauth, spoke to the Board regarding Resolution No. 2017-903 and the legal documents mentioned therein, including the following:

- Indenture – Legal provisions of the Bond Issuance

- Continuing Disclosure Agreement (District agrees to annually provide updated tables in Official Statement as required by SEC for secondary market)

After discussion, on MOTION by Director Kern and second by Director Kerns to adopt Resolution No. 2017-903, authorizing the issuance of a “not to exceed” \$11,000,000 principal amount of 2017 Sewer Refunding Revenue Bonds, approving documents, and authorizing certain actions as specified in the Resolution in connection with the Bonds, the MOTION passed with the following roll call vote:

AYES: Kern, Williams, Owens, Kerns, Ishkanian

NAYS: None

ABSENT: None

ACTION: Staff

#### **C. ADMINISTRATION & OPERATIONS (A&O) COMMITTEE MEETING REPORT**

Director Kerns reported that the A&O Committee had discussed and reviewed in its April 4, 2017 meeting:

- Recycled Water Use: Montecito Water District has changed its Strategic Planning Committee meeting to the second Tuesday of each month at 2 p.m.
- Conceptual design of the proposed Administration building: in a future Board meeting, Cearnal Architects will present a conceptual design for review and consideration whether to move forward with a design contract.
- Status of Miramar Lift Station project: Engineering Manager Poytress explained the opportunity to increase size of the pipe line serving the Posilipo Lift Station when new pipelines are being constructed for the Miramar project.
- Aeration Basin Rehabilitation project: Parts should be delivered May 15<sup>th</sup>. At its May 8<sup>th</sup> meeting the Board will consider the A&O recommendation to hire Cushman Contracting to assist with the installation.
- North Sierra Vista mainline extension: Only one property has responded to the inquiry of interest as of April 4<sup>th</sup>; an update is on the May 8<sup>th</sup> Board agenda.
- The CIP budget for FY2017-18, which will be presented to the Board in June.
- Auxiliary Dwelling Units (ADUs) in Montecito: The current fee resolution directs the District to charge the difference between an auxiliary structure connection fee (\$2,263) and a Single Family Dwelling unit connection (\$7,300) when an auxiliary structure is converted into a dwelling unit, for a total connection fee of \$5,037. Any existing sewer service agreement for the auxiliary structure will need to be terminated. General Manager Gabriel will attend the Montecito Planning Commission meeting on April 12<sup>th</sup> to discuss ADUs. Staff will return to the Board on May 8<sup>th</sup> with information on this topic.

ACTION: Staff

#### **D. INFORMATION ITEMS**

- Director Ishkanian reminded the Board of the SBCCSDA dinner to be held April 24<sup>th</sup> in Buellton, and that Harry Hagen, Santa Barbara County Treasurer/Tax Collector, will be the speaker.

The Committee discussed Auxiliary Dwelling Units (ADUs) in Montecito. The current fee resolution directs the District to charge the difference between an auxiliary structure connection fee (\$2,263) and a Single Family Dwelling unit connection (\$7,300) when an auxiliary structure is converted into a dwelling unit, for a total connection fee of \$5,037. Any existing Sewer Service Agreement for the auxiliary structure will need to be terminated. General Manager Gabriel will attend the Montecito Planning Commission on April 12<sup>th</sup> to discuss ADUs. Staff will return to the Board on May 8<sup>th</sup> with information on this topic.

ACTION: Staff

**D. INFORMATION ITEMS**

- Director Ishkanian reminded the Board of the SBCCSDA dinner to be held April 24th in Buellton. Harry Hagen, Santa Barbara County Treasurer/Tax Collector, will be the speaker.

**E. AGREEMENTS SIGNED**

None

**7. OPERATIONS AND MAINTENANCE**

The Board reviewed the information in the agenda packet.

**8. ITEMS FOR THE NEXT AGENDA**

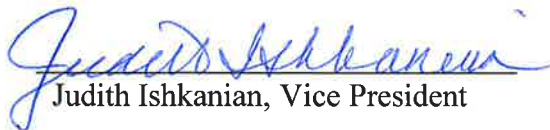
The next meeting will be May 8, 2017.

**9. ADJOURNMENT**

There being no other business, on MOTION to adjourn by Director Kern and second by Director Owens, the MOTION passed unanimously without abstention and the meeting adjourned at 3:07 p.m.



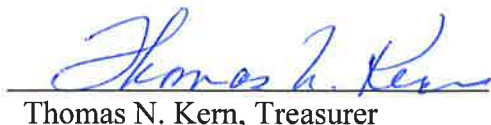
Bob Williams, President



Judith Ishkanian, Vice President



Warner B. Owens, Secretary



Thomas N. Kern, Treasurer



Jeff Kerns, Director