

CAYUCOS SANITARY DISTRICT
200 Ash Avenue
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805-995-3290

GOVERNING BOARD
R. B. Enns, President
R. H McHale, Interim Vice-President
H. Fones, Director
S. Lyon, Director

REGULAR MEETING
MINUTES
November 19, 2008

OPEN SESSION:

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:30 p.m., Wednesday, November 19, 2008.

Board members present: President Robert Enns, Interim Vice-President Bud McHale and Director Hal Fones

Staff present: District Manager Bill Callahan and Administrative Services Officer Bonnie Connelly

Visitors present: District Counsel Tim Carmel

2. PUBLIC COMMENTS

There were no public comments received.

3. ANNOUNCE CLOSED SESSION ITEMS

President Enns announced closed session items.

CLOSED SESSION:

4. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

Significant exposure to litigation pursuant to California Government Code Section 54956.9(b)(1)

RECONVENE TO OPEN SESSION

President Enns reconvened the meeting to open session at 6:00 p.m.

Staff present: District Manager Bill Callahan, Administrative Services Officer Bonnie Connelly and Administrative Services Tech. Nancy Martin

Visitors present: Karen Shanley (District financial advisor), Architect Jon McAlpin, Dorothy Fones, Mary Ann and Ed Carnegie and Willadean Borchard

5. ANNOUNCE ACTIONS TAKEN IN CLOSED SESSION

There were no actions to announce.

6. PUBLIC COMMENTS

There were no public comments made.

7. CURRENT REPORT ON DISTRICT O&M SHOP PROGRESS WITH JON McALPIN FROM OMNI DESIGN GROUP

Director McHale stepped down, citing a conflict of interest due to the proximity of his personal residence to the proposed District O&M shop.

A. Summary of Meeting with the Cayucos Citizens Advisory Council (CCAC) Land Use Committee on November 3, 2008

Manager Callahan's written report was received. He and Architect Jon McAlpin recounted the meeting with the CCAC Land Use Committee where the Advisory Council deferred considering the O&M Shop Project to the December 3 meeting, and answered questions from the Board and visitors. Mary Ann Carnegie of the CCAC reported that the Land Use Committee had no problems or objections to the project but added that some felt the project name "O&M Shop" had a negative connotation and asked for the name to be changed to one that would not imply a machine shop. McAlpin suggested "O&M Department Garage" since the building would mainly house District vehicles, equipment, materials, and supplies. She asked for a presentation of Phase II of the project to the committee. McAlpin stated he will provide a three dimensional project model at the December 3 Advisory Council meeting. He added that he is proceeding in good faith to maintain the project schedule and expects to submit the project at the end of January.

B. Consideration to Approve a Proposal from Omni Design Group for Architectural and Civil Engineering Design Services for a new District Operations and Maintenance Garage in the Amount of \$48,250.00.

Manager Callahan's written report was received. Director McHale had stepped down, citing a conflict of interest; therefore, there was not a quorum present and the item was not voted on. President Enns asked to meet with Manager Callahan and Mr. McAlpin to discuss project costs. Callahan and McAlpin were both amenable to Enns' request. Callahan also recommended holding a special Board meeting to consider the Omni proposal on December 3, before the Advisory Council meeting.

Director McHale was reseated.

It was the consensus of the Board to address agenda Item 9 before Item 8, as Board of Directors applicant, Michael Foster, had not yet arrived.

9. DISCUSSION OF DISTRICT INVESTMENTS WITH KAREN SHANLEY, DISTRICT INVESTMENT ADVISOR

Ms. Shanley offered her condolences to the District Board and staff, and family of Nat Raimondo, District Vice-President, who passed away suddenly October 3, 2008.

Shanley's letter and handouts of current investment offerings and a recap of the District's investment account were received. She reported that the FDIC Pooled Money Market theoretically insures holdings up to \$1,000,000 and offers a higher interest rate than other Money Markets. With two investments maturing in December 2008 and another in June 2009, Shanley suggested investment of District idle reserves in the FDIC Pooled Money Market CD's with purchases from \$90,000 to \$250,000 per offering, and with staggered, short-term maturities. Additionally, she recommended a longer-term investment with a Federal agency.

MOTION: First by McHale with second by Fones to direct Shanley to invest \$1,460,000 of District idle reserves as follows: \$500,000 in Federal Home Loan Banks, \$240,000 in Westernbank PR Primary, \$145,000 in Alliance Bank Corp Fairfax VA Primary, \$240,000 in Gmac Bank Midvale UT

Primary, \$240,000 Allegiance Community Bank S Orange NJ Primary, and \$95,000 in Alliance Bank Corp VA Primary, or comparable. VOTE: 3-0

10. DISCUSSION OF DRAFT ORDINANCE NO. 27 GOVERNING COMMON SEWER LATERALS SERVICING MULTIPLE DWELLING OR BUILDING UNITS

Manager Callahan's written report and "draft" Ordinance No. 27 were received. President Enns and Director Fones expressed concerns with inconsistencies and generalities in terms defined and used throughout the document. Enns indicated he would like to meet with Manager Callahan to discuss and offer suggestions before bringing the ordinance back for the Board's review. The item was continued to the next regular Board meeting.

11. CONSIDERATION TO ADOPT RESOLUTION NO. 2008-9 ESTABLISHING AN APPROPRIATION LIMIT FOR FISCAL YEAR ENDING JUNE 30, 2009

MOTION: First by McHale with second by Fones to adopt Resolution No. 2008-9 establishing an Appropriation Limit of \$2,986,252 for Fiscal Year Ending June 30, 2009. ROLL CALL VOTE: Enns (yes), McHale (yes), Fones (yes), Lyon (absent)

12. CONSIDERATION TO APPROVE A SETTLEMENT AGREEMENT FOR ISSUANCE OF PERMITS AND UPGRADE OF THE MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT WITH THE REGIONAL WATER QUALITY CONTROL BOARD

A staff report from District Counsel Tim Carmel was received, recommending approval of the Settlement Agreement which was pending separate action and approval by the Morro Bay City Council.

Motion: First by McHale with second by Fones to Approve a Settlement Agreement for Issuance of Permits to and Upgrade of the Morro Bay-Cayucos Wastewater Treatment Plant with the Regional Water Quality Control Board. VOTE: 3-0

13. DISCUSSION OF REPORTING AND PRE-FUNDING "OTHER POST EMPLOYMENT BENEFITS" THROUGH CALIFORNIA EMPLOYERS' RETIREMENT BENEFIT TRUST FUND

Officer Connelly's written report was received. At this point the only post employment health benefit offered to eligible District retirees wishing to continue their medical coverage with PERS, is the monthly minimum employer contribution (\$101.00 currently). The Governmental Accounting Standards Board has issued Accounting Statement No. 45, which requires an independent actuary evaluation of those post retirement health benefits. CalPERS offers a pre-funding option that Officer Connelly indicated would probably not be necessary as she perceived any reportable liability to be minimal. However, an actuary evaluation must be completed. At Connelly's suggestion, staff was given direction to obtain quotes from local actuarial firms and to report back to the Board.

14. STAFF COMMUNICATIONS AND INFORMATION ITEMS (NO ACTION REQUIRED)

15. CONSENT CALENDAR

- A. Minutes of Regular Board Meeting of October 15, 2008
- B. Approval to Pay Outstanding Bills as of November 19, 2008
- C. Certificate of Posting: Resolution No. 2008-9 Establishing an Appropriation Limit for the Fiscal Year Ending June 30, 2009

MOTION: First by McHale with second by Fones to approve the Consent Calendar in its entirety. VOTE: 3-0

7

16. BOARD MEMBER COMMENTS

President Enns suggested the District respond to the letter received from a customer regarding District Encroachment Permits. He asked the item to be included on the next agenda.

8. DISCUSSION OF BOARD OF DIRECTORS VACANCY, INCLUDING INTERVIEWS WITH PROSPECTIVE APPLICANTS/CANDIDATES

Michael Foster, an applicant for the vacancy on the Board of Directors, arrived and introduced himself. President Enns provided a brief overview of the Sanitary District and introduced Board members and staff. Mr. Foster was invited to provide additional information to his resume and to provide comments or ask questions about the District.

17. MEETINGS, CONFERENCES, AND SEMINARS

- Special Board Meeting, December 3, 2008, 5:45 p.m. to appoint Board member and to consider Omni proposal.
- Cayucos Citizens Advisory Council Meeting, December 3, 2008, 7:00 p.m.
- Regional Board Hearing, December 4 & 5, 2008, San Luis Obispo

18. SCHEDULE AGENDA ITEMS FOR THE DECEMBER 17, 2008 BOARD MEETING

- Discussion of "Draft" Ordinance 27 Governing Common Sewer Laterals Servicing Multiple Dwelling or Building Units
- Presentation of the FY 2007-2008 Audit
- Quotes from actuarial firms for post-employment health benefits
- Seating of Board of Directors appointee

19. ADJOURNMENT

MOTION: First by Fones with second by McHale for the meeting to adjourn at 8:00 p.m. VOTE: 3-0

Minutes recorded by _____
Nancy Martin, Admin Services Tech.