

MINUTES
SPECIAL MEETING OF THE GOVERNING BOARD
GOLETA SANITARY DISTRICT
A PUBLIC AGENCY
DISTRICT OFFICE CONFERENCE ROOM
ONE WILLIAM MOFFETT PLACE
GOLETA, CALIFORNIA 93117

September 19, 2011

BOARD MEMBERS PRESENT: Steven T. Majoewsky, George W. Emerson, Jerry D. Smith, John R. Fox and John S. Carter

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Kamil Azoury, General Manager, Rob Mangus, Administration Supervisor, Richard Battles, Legal Counsel from Howell Moore & Gough LLP

OTHERS PRESENT: Mr. Rick Merifield, of the Board of Directors of the Goleta Water District. Mr. Richard K. Kikuchi, CPA of Lance, Soll & Longhard, LLP.

CALL TO ORDER: President Majoewsky called the meeting to order at 12:19 p.m.

APPROVAL OF MINUTES: Director Smith made a motion, seconded by Director Fox to approve the minutes of the Special Board meeting of 08/29/11.

(11/09/952)

AYES: Majoewsky, Emerson, Smith, Carter, Fox

NOES: None

ABSENT: None

ABSTAINED: None

APPROVAL OF MINUTES: Director Emerson made a motion, seconded by Director Fox to approve the minutes of the Special Board meeting of 09/06/11.

(11/09/953)

AYES: Majoewsky, Emerson, Smith, Carter, Fox

NOES: None
ABSENT: None
ABSTAINED: None

POSTING OF AGENDA:

The agenda notice for this meeting was posted at the main gate of the Goleta Sanitary District 24 hours in advance of the meeting.

PUBLIC COMMENTS:

None

BUSINESS:

1. PRESENTATION OF DISTRICT'S AUDIT REPORT AND FINANCIAL STATUS AS OF JUNE 30, 2011, BY DISTRICT AUDITOR, AND CONSIDERATION OF ADOPTION OF DISTRICT'S ANNUAL AUDIT AND FINANCIAL STATEMENTS FOR FISCAL YEAR 2010-2011

Mr. Azoury presented the Lance, Soll & Lunghard, LLP ("LSL") letters and audited financials to the board, introducing Mr. Richard K. Kikuchi, CPA, partner at LSL. Mr. Kikuchi began his presentation and discussion by reviewing the audit process, testing of balances and reviews of procedures related to internal control. He discussed the two phases of work, the interim visit, last June and the yearend two day visit that began on August 31, 2011. The test work on the two day visit enabled the firm to render an opinion as to the financials, and proper reconciliations of accounts. Lots of tests were performed by Mr. Kikuchi's staff producing an unqualified opinion regarding the 2010-2011 financials.

Mr. Kikuchi continued with his presentation of the letters, first the SAS 115 letter to the Board, known as the Management Letter. This was followed with the Auditor's Communication letter that describes the scope of the audit and communicated to the Board two immaterial items found during the various testing. Board discussion followed.

Mr. Kikuchi then presented the Financial Statements to the Board. Mr. Azoury added to the discussion outlining outcomes by design within rate structure.

After further discussion, Director Smith made a motion, seconded by Director Emerson to accept the Auditor's report for the 2010-2011 Fiscal Year.

(11/09/954)

AYES: Majoewsky, Emerson, Smith, Fox, Carter
NOES: None
ABSENT: None

2. CONSIDERATION OF APPROVAL OF CHANGE ORDER NO. 1 FOR THE GSD FAIRVIEW SEWER RELOCATION AND REPLACEMENT PROJECT

Mr. Azoury presented the staff report, gave background on the Fairview project, the need for the relocation of the new sewer line which resulted in the various items of the proposed change order. In addition Mr. Azoury brought forth the approval recommendation by the Engineering Committee who met last week. Lengthy discussion by the Board followed with consideration of the design process and how such change orders could be eliminated in the future.

Director Smith made a motion, seconded by Director Carter to approve Change Order No. 1 for the GSD Fairview Sewer Relocation and Replacement Project for a cost of \$91,830.82.

(11/09/955)

AYES: Majoewsky, Emerson, Smith, Fox, Carter
NOES: None
ABSENT: None

3. CONSIDERATION OF REQUEST FROM PCL CONSTRUCTION FOR APPROVAL OF CONSTRUCTION CHANGE ORDERS NO. 1 & NO. 2 FOR THE PLANT UPGRADING PROJECT

Mr. Azoury presented the staff report regarding Change order No. 1 for the Plant Upgrading project. This change order is necessary due to the difference in actual location of utilities on site compared to the record drawings on file. The biofilter structure location was moved eight feet to the north to avoid a utility duct bank which resulted in additional shoring of the excavation at the south and north sides. After further discussion by the Board, Director Carter made a motion, seconded by Director Fox to approve Change Order No. 1 for the Plant Upgrading Project for a cost of \$184,737.

(11/09/956)

AYES: Majoewsky, Emerson, Smith, Fox, Carter
NOES: None
ABSENT: None

Mr. Azoury presented the staff report regarding Change Order No. 2 for the Plant Upgrading project. This change order is necessary because a larger quantity of soil required removal than was within the original design at the new flow equalization basin. The Board discussion followed which concluded by Director Emerson making a motion, seconded by Director Smith to approve Change Order No. 2 for the Plant Upgrading Project for an amount of \$135,079.

(11/09/957)

AYES: Majoewsky, Emerson, Smith, Fox, Carter

NOES: None
ABSENT: None

4. GENERAL MANAGER'S REPORT

Mr. Azoury reviewed the General Manager's Report and requested responses on the News Letter draft and the draft letter to retirees.

5. LEGAL COUNSEL'S REPORT

Legal Counsel discussed the LAFCO correspondence related to Out of Agency Service Agreements. Mr. Battles is still reviewing the issue and will report further in the future.

6. COMMITTEE/DIRECTOR'S REPORTS AND APPROVAL/RATIFICATION OF DIRECTORS' ACTIVITIES

Director Fox reported that at the CALAFCO Convention there was a segment that addressed the LAFCO Out of Agency Service Agreements issue. Mr. Fox also commented that the CSDA Executive Board will meet this evening.

Director Emerson reported on a pension reform piece of legislation that came across his desk and he will pass along this 4 page article.

7. PRESIDENT'S REPORT

President Majoewsky asked a question of staff regarding the status of an oil and gas study. Mr. Azoury responded.

8. CORRESPONDENCE

The Board reviewed correspondence to and from the District in the agenda and made a part hereof as Exhibit "A".

9. CLAIMS

Director Fox made a motion, seconded by Director Carter to ratify and approve the claims for the period 09/07/11 to 09/19/2011 as follows:

Plant Facilities Upgrade Fund #4670	\$	11,476.70
Outfall Ballasting Fund #4666	\$	152,157.05
Depreciation Replacement Reserve Fund #4655	\$	162,542.57
Running Expense Fund #4640	\$	248,560.37

(11/09/958)

AYES: Majoewsky, Emerson, Smith, Fox, Carter
NOES: None
ABSENT: None

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:04 p.m.

Steven T. Majoewsky
Governing Board President

Kamil S. Azoury
Governing Board Secretary

George W. Emerson

Jerry D. Smith

John R. Fox

John S. Carter