

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

February 9, 2007

BOARD MEMBERS PRESENT: George W. Emerson, Elbert W. Trantow, John R. Fox,
John S. Carter, Steven T. Majoewsky

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Kamil Azoury, General Manager; Jeff Salt, Operations
Manager; Kathy Johnson, Office Manager, Richard G.
Battles, Legal Counsel from Mullen & Henzell

PUBLIC PRESENT: Craig Geyer of Goleta West Sanitary District

CALL TO ORDER: Since President Emerson was going to be late in
attendance, President Pro Tem Trantow called the meeting
to order at 12:28 p.m.

POSTING OF AGENDA: The agenda notice for this meeting was posted at the
Goleta Sanitary District and the Goleta branch of the
Santa Barbara County Library for 24 hours in advance of
the meeting.

PUBLIC COMMENTS: Mr. Geyer commented on the contract and related
capacity rights between Goleta West Sanitary District
and Goleta Sanitary District.

BUSINESS:

1. **DISCUSSION OF THE VARIOUS FINANCIAL ALTERNATIVES FOR THE DISTRICT'S
FACILITIES UPGRADING PROJECT**

Director Trantow provided details of the Finance Committee meeting held January 31,
2007. At that meeting the committee decided that a Special Board Meeting should be
held to examine the options available for financing the Treatment Plant Facilities
Upgrading Project. Mr. Azoury advised the Board on the costs of operations today,
future projections of those costs and assumptions. He provided the Board with 6
alternatives which in turn resulted in 13 options. Mr. Azoury gave a detailed
presentation of charts and assumptions to the Board. Director Majoewsky had questions
on the original project discussion 10 years ago and what the intention was then on
financing. Director Trantow advised the Board that he had examined the alternatives at
length and had several questions after studying the data. He directed his question on the
legality of using money from the capacity fund to Mr. Battles. Mr. Battles said he was

looking into that option and would get back to the Board. Director Trantow thought the District should use the money in the reserve funds rather than keep it in an "investment account." He also suggested a separate fund be established for this project for all related activity to pass through. Director Majoewsky had questions regarding the Proposition 218 notice of sewer service charge increases as well as the graphs Mr. Azoury presented. Director Fox asked whether a State Revolving Fund Loan was a viable option and if there would be any money to loan at the state level. He also asked Mr. Azoury if the estimate of the construction phase took into consideration the inflation rate. The Board considered all the options as presented by Mr. Azoury and indicated a desire to utilize some funds from the District's existing capacity and replacement reserve funds in addition to seeking the SRF loan for the remaining District obligation. The Board indicated its interest to proceed by directing staff to proceed in implementing a year-to-year adjustment in the District's sewer service charge starting by increasing user rates by approximately \$4 per month per ERU for fiscal year 2007-08. Future rate adjustments will be determined on the basis of the selected project financing alternative and costs.

The Board did not act on this item.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:23 p.m.

George W. Emerson
Governing Board President

Kamil S. Azoury
Governing Board Secretary

Elbert W. Trantow

John R. Fox

John S. Carter

Steven T. Majoewsky