



**REGULAR MEETING MINUTES
OF
BOARD OF DIRECTORS
MONTECITO WATER DISTRICT
583 SAN YSIDRO ROAD
MONTECITO, CALIFORNIA**

**TUESDAY, JULY 24, 2018
2:00 P.M.**

1. CALL TO ORDER, ROLL CALL, DETERMINATION OF QUORUM

President Morgan called the meeting to order at 2:00 p.m.

Directors Present:

Directors, Samuel Frye, W. Douglas Morgan, Tobe Plough, and Floyd Wicks

Directors Absent:

Director Richard Shaikewitz

Staff Present:

Nick Turner, General Manager
Daryl Smith, Business Manager
Robert M. Cohen, General Counsel

Laura Camp, P. I. Coordinator
David Wong, Engineering Assistant
Lois Werner, Recording Secretary

Guests Present:

Jane Gray, Dudek
Matt Naftali, Dudek
Bob Hazard, Montecito Journal
Vicki Hazard, District customer
Ken Coates, District customer
Warner Owens, MSD

Judith Ishkanian, District customer/MSD
Martha Smilgis, District customer
David Gibbs, District resident
Michael Marks, District resident
Cori Hayman, District customer
Woody Barrett, District customer

2. PUBLIC FORUM

There were no members of the public present who wished to speak on matters not on the agenda.

3. CONSENT CALENDAR

Following discussion it was moved by Director Frye, seconded by Director Wicks and carried, with Directors Frye, Morgan, Plough, and Wicks voting in favor, to approve the Consent Calendar as presented.

4. DISTRICT OPERATIONS AND GENERAL MANAGER'S REPORTS

A. PUBLIC HEARING: Water Distribution System Improvement Program, proposed funding and any objections to protests to the proposed charge and report.

1. INFORMATION ONLY: Status report on Water Availability Charge (WAC) Program and Capital Improvement Program;
2. BOARD ACTION: Adoption of Resolution No. 2168 continuing the Water Availability Charge for FY 2018/19 to fund water distribution system upgrades and ordering the filing of a report establishing the Water Availability Charge for FY 2018/19

President Morgan adjourned the regular meeting and opened the public hearing. Mr. Turner reviewed the Capital Improvement Program funded by the WAC. Mr. Cohen explained the purpose of the public hearing.

President Morgan then opened the hearing to public comment.

Comments were received from the following people:

David Gibbs	Martha Smilgis
Mike Marks	Woody Barrett

When there was no further public comment, President Morgan closed the public hearing. The Board, Counsel, and staff responded to comments as they were received.

President Morgan then invited Board discussion of Resolution No. 2168. At the close of discussion, it was moved by Director Frye, seconded by Director Plough and carried by the following roll-call vote to adopt Resolution No. 2168:

AYES: Directors Frye, Morgan, Plough, and Wicks

NOES: None

ABSENT: Director Shaikewitz

President Morgan reconvened the regular meeting.

- B. BOARD ACTION: Memorandum of Understanding with the City of Santa Barbara for coordination related to the formation of a Groundwater Sustainability Agency for the Montecito Groundwater Basin

This item was postponed to the next regular meeting on motion by Director Plough, seconded by Director Wicks and carried with Directors Frye, Morgan, Plough, and Wicks voting in favor.

- C. PUBLIC HEARING: Formation of a Groundwater Sustainability Agency for the Montecito Groundwater Basin

- i. BOARD ACTION: Adoption of Resolution No. 2169 declaring the District's intention to become the Groundwater Sustainability Agency pursuant to the Sustainable Groundwater Management Act for the Montecito Groundwater Basin

President Morgan adjourned the regular meeting and opened the public hearing. Mr. Turner described the function and structure of a GSA for the Montecito groundwater basin. Mr. Naftali gave a presentation on the formation of a GSA. Mr. Cohen stated the purpose and requirement of a public hearing. President Morgan then opened the hearing to public comment and questions. Comment was received from the following members of the public:

Woody Barrett

President Morgan then closed the hearing to public comment and opened Board discussion.

Following discussion it was moved by Director Plough, seconded by Director Frye and carried by the following roll-call vote to adopt Resolution No. 2169:

AYES: Directors Frye, Morgan, Plough, and Wicks

NOES: None

ABSENT: Director Shaikewitz

President Morgan closed the public hearing and re-convened the regular Board meeting.

- D. INFORMATION ONLY: Quarterly Drought & Water Supply Update

Mr. Turner presented this report and responded to questions from Directors.

- E. INFORMATION ONLY: Water Works Operations Report for June 2018

Mr. Turner presented this report.

- F. INFORMATION ONLY: Progress update on implementation of permanent pipeline repairs and FEMA reimbursement

Mr. Turner presented this report and responded to questions from Directors.

- G. INFORMATION ONLY: General Manager's Report (Oral)

Mr. Turner reported on District activities and projects not elsewhere on the agenda.

5. DISTRICT BUSINESS REPORT

- A. INFORMATION ONLY: Monthly Financial Reporting for June 2018

Mr. Smith presented this report.

- B. BOARD ACTION: Payment of CalPERS Annual Unfunded Accrued Liability.

Mr. Smith presented this item and responded to questions from Directors and members of the public. Following discussion it was moved by Director Plough, seconded by Director Wicks and carried, with Directors Frye, Morgan, Plough, and Wicks voting in favor, to approve the payment of the CalPERS Annual Unfunded Accrued Liability as of June 30, 2016 for Classic employees in a lump sum payment of \$223,259 and for PEPRA employees in a lump sum payment of \$596.

6. DIRECTOR AND COMMITTEE REPORTS

Due to time constraints and the number of legal matters to be discussed in closed session, the Director and Committee Reports were omitted from this meeting and will be covered in the next regular meeting of the Board.

7. LEGAL MATTERS

- A. CLOSED SESSION: Pursuant To Government Code Section 54956.9(d)(2) Conference with Legal Counsel – Anticipated Litigation, 20 cases
- B. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Montecito Water District et al v. Southern California Edison, Santa Barbara Superior Court Case No. 18CV01222
- C. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Lisa A. Foley, et.al. v. Southern California Edison, et.al., Santa Barbara Superior Court Case No. 18CV03307

- D. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(1) Conference with Legal Counsel – Existing Litigation, Patrick M. Nesbitt, et.al. v. Montecito Water District, Santa Barbara Superior Court Case No. 1371221

The Board adjourned to closed session on the above items at 4:28 p.m.

The Board reconvened in open session at 6:03 p.m.

Report from Closed Session:

Item A: The Board received a report from General Counsel, Robert M. Cohen, and reviewed multiple claims received by the District and arising out of the mudslide event of January 9, 2018. The Board voted 4 to 0 on a motion by Director Plough, seconded by Director Wicks concerning the claims as follows:

1. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Ana Atilano.
2. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Anne Price.
3. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Arselia Hernandez
4. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Cathleen Grabowski
5. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Chef Renes Cuisine
6. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Enrique Hernandez
7. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Gary Ferguson
8. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Immaculate Heart Community
9. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant John Keating
10. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Leonard Grabowski
11. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Michael Hernandez

12. To reject the claim received on July 5, 2018 from Emison Hullverson, LLP on behalf of claimant Teri Keating.
13. To reject the claim received on July 5, 2018 from Hueston Henningan, LLP on behalf of claimant Southern California Edison Company.
14. To reject the claim received on July 6, 2018 from Denenberg Tuffley on behalf of claimant Certain Underwriters at Lloyds, the Insurers of Robert Williams.
15. To reject the claim received on July 9, 2018 from Wildfire Legal Group on behalf of claimants Olaf Hermes, Eva Hermes, Elise Hermes, Raphaella Hermes, Patrick Hermes, Xavier Guerrand-Hermes, 995 Properties LLC.
16. To reject the claim received on July 9, 2018 from Wildfire Legal Group on behalf of claimant Rosellen Cowell.
17. To reject the claim received on July 12, 2018 from McNicholas & McNicholas on behalf of claimants Elliot Mayrock, Alecia Mayrock, Ninfa Chamilee, Damon Garrick Wing, Syble Roberts, Susan Barry, Melissa Piercon, Coastal Hideaways, Inc.

On a motion by Director Plough, seconded by Director Wicks, the Board voted 3 to 0 with Director Frye recusing himself, to:

1. Reject the claim received on July 9, 2018 from Wildfire Legal Group on behalf of claimants Palmer G. Jackson & Palmer Gavit Jackson Trust under an Agreement dated February 25, 1988.
2. Reject the claim received on July 9, 2018 from Wildfire Legal Group on behalf of claimants Jim Jackson and Petan Company, LP.

As to all claims set forth above, the claims will be made available for public inspection pursuant to Government Code 54956.9 and 54957.5.

As to the 20th matter considered under Item A, the Board received information from General Counsel and CCRB Counsel, and no action was taken.

Item B: The Board received a report from General Counsel, Robert M. Cohen; no action was taken.

Item C: The Board received a report from General Counsel, Robert M. Cohen; no action was taken.

Item D: The Board received a report from General Counsel, Robert M. Cohen; no action was taken.

The Board reconvened to open session at 6:03 p.m.

E. Recent and Pending Legal Matters Review – Oral Report

Mr. Cohen had no legal matters to discuss with the Board in open session.


8. DIRECTOR REQUESTS

There were no requests from Directors for items other than regular agenda items for the next regular Board meeting scheduled for Tuesday, August 28, 2018 or any future meeting.

9. ADJOURNMENT

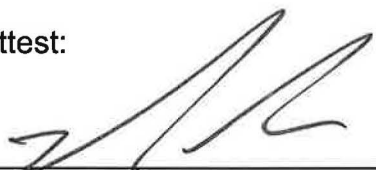
There being no further business to come before the Board, the meeting was adjourned at 6:05 p.m.

Approved:



W. Douglas Morgan, President

Attest:



Nick Turner, Secretary