

**Los Osos Community Services District  
Board of Directors  
Minutes of the Regular Meeting of July 11, 2013**

AGENDA ITEM	DISCUSSION OR ACTION
<b>1. CALL TO ORDER/FLAG SALUTE/ROLL CALL</b>	<p>President Moothart called the Closed Session Meeting to order at 6:00 p.m. and led the flag salute.</p> <p><u>Roll Call:</u>            Marshall Ochylski, Director – Present            David Vogel, Director - Present            Michael Wright, Director - Present            Craig Baltimore, Vice President - Present            Leonard Moothart, President - Present</p> <p>The following Staff were present:            Margaret Falkner, Interim General Manager            Michael Seitz, District Legal Counsel            Ann Kudart, Administrative Secretary</p>
<b>2. ANNOUNCEMENT OF CLOSED SESSION ITEMS, PUBLIC COMMENT ON CLOSED SESSION ITEMS, AND CONVENING OF CLOSED SESSION</b>	<p>District Legal Counsel Seitz announced that the Board would convene to Closed Session for the following:</p> <p>A. <u>PENDING LITIGATION (Government Code, §54956.9(a))</u>            Conference with Legal Counsel Regarding Existing Litigation (Formally Initiated):            - <i>In re Los Osos Community Services District (ND-06-10548)</i> United States Bankruptcy Court, Central District of California, Northern Division            - <i>LOCSD v. Golden State et al</i> (Groundwater Adjudication), Case No. CV04012 (San Luis Obispo Superior Court)</p> <p>B. <u>ANTICIPATED LITIGATION (Government Code, §54956.9(b)(1))</u>            Conference with Legal Counsel Regarding Anticipated Litigation – 1 Case</p> <p>C. <u>PERSONNEL (Government Code §54957)</u>            Public Employment            - Title: General Manager (Part Time)            Conference with Labor Negotiator            - District Negotiators: Vice President Baltimore and Director Vogel            - Employee Organization: San Luis Obispo County Employees Associations</p>
<b>3. PUBLIC COMMENT</b>	Lynette Tornatzky requested an update on the bankruptcy and the ISJ.
<b>4. ADJOURN TO CLOSED SESSION</b>	The Board adjourned to Closed Session at 6:03 p.m.
<b>5. RECONVENE TO OPEN SESSION</b>	<p>The Board reconvened to Open Session at 7:09 p.m.</p> <p>The following Board Members were present:            Marshall Ochylski – Left the meeting at 9:33 p.m.            David Vogel, Director            Michael Wright, Director            Craig Baltimore, Vice President            Leonard Moothart, President</p> <p>The following Staff were present:            Margaret Falkner, Interim General Manager            Michael Seitz, District Legal Counsel            Ampy Haber, District Accountant            Phill Veneris - Battalion Chief            Ann Kudart, Administrative Secretary</p>
<b>6. RECEIVE REPORT OUT OF CLOSED SESSIONS OF JULY 11, 2013</b>	<p>District Counsel Seitz reported that the Board, on July 11, 2013, heard reports from Legal Counsel on both of the Pending Litigation cases and the Anticipated Litigation case, but took no reportable action.</p> <p>In regards to Public Employment Conference with Labor Negotiators, Director Vogel reported that the Board and SLOCEA have reached an agreement on a cost of living increase of 2.3% effective July 1, 2013 and an additional \$75 per person per month towards their Medical benefits.</p>

AGENDA ITEM	DISCUSSION
<p><b>6. RECEIVE REPORT OUT OF CLOSED SESSIONS OF JULY 11, 2013</b></p>	<p>Following District Counsel Seitz's errata announcement, Interim General Manager Falkner reported that copies of the resolution to Item 8F, an amended resolution to Item 8D and an amended attachment to Item 11G were available on the table for the public with copies provided to the Board and staff.</p>
<p><b>7. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA</b></p>	<p>Julie Tacker urged the Los Osos Financing Authority not to take the cash out but go back to the assessment taxpayers; and commented on the need for public discussion on the list of potential projects.</p> <p>Richard Margetson commented on the need for the Board to begin keeping up with the Wastewater Project and attend and provide input at the Board of Supervisors meeting.</p> <p>Linde Owen commented on water issues and the lack of a dewatering plan for the Wastewater Project.</p>
<p><b>8. PUBLIC HEARINGS</b></p> <p><b>8A. Adopt Resolution Relating to the District's 2002 Improvement Bonds for Wastewater Assessment District No. 1, Assigning the Right to Purchase Those Bonds to the Los Osos Financing Authority and Approving Matters and Agreements Relating to the Issuance of the Financing Authority's Bonds to Finance the Acquisition of the District's 2002 Improvement Bonds and to Finance Public Capital Improvements</b></p>	<p>District Counsel Seitz reported that this item requests the Board to adopt a resolution relating to the District's Improvement Bonds issued in 2002 and assigning the right to purchase the bonds, approving matters relating to the issuance of revenue bonds by the Los Osos Financing Authority to finance the acquisition of the 2002 Improvement Bonds and to finance public capital improvements.</p> <p>President Moothart opened the public hearing for testimony relating to the District's 2002 Improvement Bonds for Wastewater Assessment District No. 1.</p> <p>Julie Tacker commented on the project list; commented on District Counsel's fees for time working on the Los Osos Financing Authority issues; commented that this needs to go before the Finance and Utilities Advisory Committees; and asked what would prevent the creditors from asking for these monies once they are pulled out.</p> <p>Linde Owen commented on the project list and any project should go back to the payers of the Prohibition Zone. She suggested lateral rebates.</p> <p>Richard Margetson commented that the Finance Advisory Committee's recommendation was to return all the proceeds to the assessment payers. He approves of the refinance and reducing the assessments but not the project list.</p> <p>Bob Crizer approves of the Board supporting Scenario 4 which would protect our water supply which is the number concern in our state and prudent of the Board to support any project that would protect our water supply.</p> <p>Chuck Cesena commented that as a Golden State water customer and Wastewater assessment ratepayer he opposes the Wastewater Bond monies being use for a water project.</p> <p>Lynette Tornatzky thanked the Board for moving forward on refinancing and supports them.</p> <p>Jon-Erik Storm supports the Board's cash-out refinancing decision to assist in much needed projects to support the community.</p> <p>Seeing no further testimony, the public hearing portion was closed by President Moothart.</p> <p>District Counsel Seitz reported that when actual amount for a project is known there would be full public participation in the selection of a project, if a project is ultimately selected.</p> <p>District Bond Counsel Paul Thimmig reported that the administrative costs of the transaction will be paid from bond proceeds. He reported these funds can only be used for public Capital Improvement and are beyond the reach of any credit. They are not funds of the District but funds of the Financing Authority.</p> <p><b>Director Ochylski made a motion that the Board adopt Resolution No. 2013-13 relating to the District's Improvement Bonds issued in 2002, assigning the right to purchase the 2002 Improvement Bonds and approving matters and agreements relating to the issuance of revenue bonds by the Los Osos Financing Authority to finance the acquisition of the 2002 Improvement Bonds and to finance public capital improvements. The motion was seconded by Vice President Baltimore and carried 5-0 with a roll call vote.</b></p>
<p><b>ADJOURN TO LOS OSOS FINANCING AUTHORITY MEETING</b></p>	<p>The LOCSO Board of Directors adjourned to the Los Osos Financing Authority meeting at 7:53 p.m.</p> <p>Note: Draft minutes of the Los Osos Financing Authority Meeting are attached.</p>

AGENDA ITEM	DISCUSSION
<p><b>RECONVENE TO LOCSD BOARD OF DIRECTORS REGULAR MEETING</b></p>	<p>The Board reconvened to the Los Osos Community Services District Board of Directors Regular meeting at 8:38 p.m.</p> <p><u>Roll Call:</u>            Marshall Ochylski, Director – Present            David Vogel, Director - Present            Michael Wright, Director - Present            Craig Baltimore, Vice President - Present            Leonard Moothart, President - Present</p>
<p><b>8B. Adopt Resolutions Submitting the Following FY13/14 Assessment and Special Tax Rolls to San Luis Obispo County of Collection:</b>  <b>1. Wastewater Assessment District #1</b>  <b>2. Drainage Tax</b></p>	<p>President Moothart opened the public hearing and called for public comment.</p> <p>Public Comment: Richard Margetson commented that the Board missed the opportunity to reduce the assessment, and asked if there is a cost for recalculations of next year's assessment.</p> <p>President Moothart called for further public comment and seeing none the public hearing portion was closed.</p> <p><b>A motion was made by Director Wright that the Board adopt Resolutions 2013-14 to levy the assessments as listed separately in EXHIBIT A for Wastewater Assessment District Service No. 1 Assessments, including the addition of an Administrative Charge of \$3.50 per parcel and submit these to the County of San Luis Obispo for collection in the FY2013/14 tax rolls. The motion was seconded by Vice President Baltimore and carried 5-0 with a roll call vote.</b></p> <p><b>A motion was made by Director Wright that the Board adopt Resolution 2013-15 to levy the assessments as listed separately in EXHIBIT A for Drainage Assessments and submit these to the County of San Luis Obispo for collection in the FY2013/14 tax rolls.</b></p> <p>President Moothart opened the public hearing for testimony setting assessments for drainage services. There being none, the public hearing portion was closed.</p> <p><b>The motion was seconded by Vice President Baltimore and carried 5-0 with a roll call vote</b></p>
<p><b>8C. Adopt Resolution to Levy for Fiscal Year 2013/2014 the Special Fire Tax and Approve Collection in the Tax Rolls after Public Hearing</b></p>	<p>President Moothart opened the public hearing for testimony submitting Fiscal Year 2013/14 Special Fire Tax to San Luis Obispo County for Collection.</p> <p>Public Comment: Richard Margetson commented that the fire tax is significantly lower than the first fire tax that was attempted to be passed in 2004.</p> <p>President Moothart called for further public comment and seeing none the public hearing portion was closed.</p> <p><b>A motion was made by Director Ochylski to adopt Resolution 2013-16 to levy the Special Fire Tax assessments as listed in the attached EXHIBIT A and submit to the County of San Luis Obispo for collection in the FY2013/14 tax rolls. The motion was seconded by Director Wright and carried 5-0 with a roll call vote.</b></p>
<p><b>8D. Conduct Hearing to Consider All Testimony or Protests to Recording Liens and Levying Assessments on Solid Waste Accounts as Listed in Report of Delinquent Solid Waste Charges and to Adopt Resolution Confirming Report, Levying Assessments in FY2013/14 Tax Rolls</b></p>	<p>President Moothart opened the public hearing for testimony for protests to Recording Liens and Levying Assessments on Past Due Accounts of Delinquent Solid Waste Charges. There being none, the public hearing portion was closed.</p> <p><b>A motion was made by Vice President Baltimore to adopt Resolution 2013-17 confirming the Report of the District General Manager for delinquent solid waste collection charges and authorize the collection of delinquent charges on the County Tax Roll. The motion was seconded by Director Wright and carried 5-0 with a roll call vote.</b></p>

AGENDA ITEM	DISCUSSION
<p><b>8E. Conduct Hearing to Consider All Testimony or Protests to Levying Assessments on LOCSD Water Accounts as Listed in the Report of Delinquent Water Charges and to Adopt Resolution Confirming Report and Levying Assessments in FY2013/14 Tax Rolls</b></p>	<p>President Moothart opened the public hearing for testimony for protests to Recording Liens and Levying Assessments on Past Due Accounts of Delinquent Water Charges. There being none, the public hearing portion was closed.</p> <p><b>A motion was made by Director Vogel to adopt Resolution 2013-18 confirming the Report of the District General Manager for delinquent water charges and authorize the collection of delinquent charges on the County Tax Roll. The motion was seconded by Director Wright and carried 5-0 with a roll call vote.</b></p>
<p><b>8.F Adopt Final Budget for Fiscal Year 2013/14</b></p>	<p>President Moothart opened the public hearing to adopt the final Budget for Fiscal Year 2013/2014.</p> <p>Public Comment: Linde Owen commented on line item 9983 Water Conservation and urged the Board to combine these funds with the PEG funds.</p> <p>Richard Margetson commented on line item 9511 in Fund 100 to budget \$25,000 for bond reserve and a line item in Fund 500 budgeting \$80,000 related to the nitrate removal project.</p> <p>President Moothart called for further public comment and seeing none the public hearing portion was closed.</p> <p><b>A motion was made by Director Ochylski to adopt Resolution 2013-19 adopting the Final Budget for Fiscal Year 2013/14 subject to the following change: amend budget of the Solid Waste Fund to appropriate for Admin Allocations at the same monthly rate as for the prior year. The motion was seconded by Vice President Baltimore and carried 5-0 with a roll call vote.</b></p>
<p><b>8G. Second Reading and Adoption of Ordinance 2013-01 Amending Title 4 of the District Code to Prohibit the Igniting and Launching of Sky Lanterns</b></p>	<p>Battalion Chief Veneris gave a brief summary of the staff report submitted with the agenda packet.</p> <p>President Moothart opened the public hearing for the second reading of Ordinance 2013-01. There being none, the public hearing portion was closed.</p> <p><b>Director Wright made a motion that the Board adopt Ordinance 2013-01, by title only, amending Title 4, Amendment F, Section 302.1 and Amendment G, Section 308.1.6.3, which will prohibit, with an exception, the ignition and launching of sky lanterns and adopt LOCSD Ordinance 2013-01 and direct staff to post and publish Ordinance as required by Law. The motion was seconded by Director Ochylski and carried with the following vote:</b></p> <p><b>Ayes: Directors Wright, Ochylski, Vogel, Baltimore, Moothart</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: None</b></p>
<p><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS</b></p> <p><b>A. CAL FIRE Report</b></p> <p><b>B. Utilities Department Report</b></p> <p><b>C. LOCAC Report</b></p> <p><b>D Emergency Services Advisory Committee Report</b></p>	<p>Chief Veneris reported on the emergency activities with Station 15-South Bay responding to 100 calls in May 2013 and Company 15 was called to cover the station or respond to emergencies a total of three times. He reported on the Administrative activities, training, special programs and projects, and fire prevention events throughout May 2013.</p> <p>Interim General Manager Falkner reported on the operations of the Utilities Department for the month of May 2013, reporting a decrease in water production and consumption and an increase in revenues compared to this time last year. She reported that in addition to the regular duties performed by the crew, they responded to numerous water line breaks due to the wastewater project construction, assisted the contractor with a scheduled shut down on 8<sup>th</sup> Street, and upgraded a service in the 2000 block of 10<sup>th</sup> Street.</p> <p>There was no LOCAC Report.</p> <p>Director Wright reported on the June 18, 2013 Emergency Services Advisory Committee (ESAC) meeting, giving a summary of the ESAC meeting minutes as submitted with the agenda packet. The next ESAC meeting will be held July 16, 2013.</p>

AGENDA ITEM	DISCUSSION
<p><b>9. ADMINISTRATIVE AND COMMITTEE REPORTS (continued)</b></p> <p><b>E. Utilities Advisory Committee Report</b></p> <p><b>F. Finance Advisory Committee Report</b></p> <p><b>G. Directors' Announcement of District and Community Interest and Reports on Attendance at Public Meetings, Training Programs, Conferences and Seminars</b></p>	<p>Director Ochylski reported on the Finance Advisory Committee (FAC) meeting. The Committee reviewed the warrants, financials and recommended for approval. The Committee discussed the final FY2013/2014 Budget and recommended amending the Solid Waste fund to appropriate for Admin Allocations at the same monthly rate as for the prior year. They recommended Board approval to authorize the write-off of the uncollectible Water Accounts. The next FAC meeting will be held July 29, 2013.</p> <p>At this time, Director Ochylski left the dais.</p> <p>Director Baltimore reported that the Utilities Advisory Committee (UAC) meeting of July 10, 2013 was canceled and reported that Interim General Manager Falkner sent an information status update via email to all the committee members.</p> <p>Director Baltimore reported that the Ad Hoc Committee to review, as part of the bond refinancing, a list of projects met on June 22, 2013. Projects discussed included land purchases and capital improvements for existing infrastructure. President Moothart reported projects would need to be community-based and beneficial to the Prohibition Zone.</p>
<p><b>10. PUBLIC COMMENT FOR ITEMS ON THE ADMINISTRATIVE AND COMMITTEE REPORTS AND THE CONSENT CALENDAR</b></p> <p><b>11. CONSENT CALENDAR</b></p> <p><b>A. Receive Administrative and Committee Reports</b></p> <p><b>B. Approve Meeting Minutes of June 6, 2013 and June 20, 2013</b></p> <p><b>C. Receive Warrant Register for June 2013</b></p> <p><b>D. Receive Financial Statements for Period Ending May 2013, and Cash and Investment Schedules and Reserves Schedule as of June 30, 2013</b></p> <p><b>E. Adopt Resolutions Submitting the Following FY 2013/14 Assessment and Special tax Rolls to SLO County for Collection:</b></p> <p>1. Bayridge Estates</p> <p>2. Vista de Oro</p> <p><b>F. Establish Appropriation Limit for FY2013/14</b></p> <p><b>G. Authorize Write-Off of Uncollectible Water Accounts</b></p> <p><b>H. Consider Extension on Walcott Intent to Serve for 1 Year</b></p> <p><b>I. Reaffirm CAL FIRE/SLO County Fire Department and LOCSD Cooperative Fire Protection Agreement</b></p>	<p>Public Comment: Julie Tacker commented on UAC cancellation; no bankruptcy update; cost of outside Counsel; the bankruptcy hearing in October; the Groundwater Management Plan; and the Ad Hoc Committee's list of projects.</p> <p>Richard Margetson commented on the Budget; and disagreed with Director Baltimore's comments concerning the bond issue.</p> <p>Linde Owen commented on the UAC cancellation; conservation money; and a possible will serve application for a community garden.</p> <p><b>A motion was made by Director Wright to receive and file the Administrative Reports, the Committee Reports, and to approve the Consent Calendar as presented. The motion was seconded by Director Vogel and carried with the following vote:</b></p> <p><b>Ayes: Directors Wright, Vogel, Baltimore, Moothart</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: Ochylski</b></p>
<p><b>12. GENERAL ACTION ITEM</b></p> <p><b>A. Authorize Submittal of California Special Districts Association (CSDA) Ballot for 2013 Board Election for Region 4, Seat B</b></p>	<p>Interim General Manager Falkner gave a brief summary of the staff report submitted with the agenda packet.</p> <p>District Counsel Seitz reported that Avila Beach also supported Vice President Baltimore as CSDA Board Member of Region 4, Seat B.</p>

AGENDA ITEM	DISCUSSION
<p><b>A. Authorize Submittal of California Special Districts Association (CSDA) Ballot for 2013 Board Election for Region 4, Seat B (continued)</b></p>	<p>Public Comment – None.</p> <p>Director Wright made a motion that the Board direct the Interim General Manager to submit a vote for Craig Baltimore to represent Region 4, Seat B of the California Special Districts Association Board of Directors. The motion was seconded by Director Vogel and carried 4-0-1 with the following vote:</p> <p><b>Ayes: Directors Wright, Vogel, Baltimore, Moothart</b>  <b>Nays: None</b>  <b>Abstain: None</b>  <b>Absent: Ochylski</b></p>
<p><b>13. FUTURE AGENDA ITEMS</b></p>	<p>District Counsel Seitz reported that, as directed, he is working on a revision to the Will-Serve Policy which should be before the Board within the next two months.</p> <p>Interim General Manager Falkner reported that the MOU between LOCSD and SLOCEA will be on the Board's August agenda; she is working on the Personnel Policy; and the Ad Hoc Committee is updating Title 4 of the District Code.</p> <p>District Counsel Seitz further reported that there should be an announcement on the ISJ, possibly at the Board's next meeting.</p>
<p><b>14. CLOSING BOARD COMMENTS</b></p>	<p>Director Wright thanked the community and committees in regards to the new fire truck, especially CAL FIRE. He wished Director Vogel a "Happy Birthday".</p> <p>Vice President Baltimore thanked the community for their comments and support.</p> <p>President Moothart thanked the public for their attendance and reminded them of the need to stay safe in and around the construction zones.</p> <p>Director Vogel thanked the community and the advisory committees for their continued involvement.</p>
<p><b>15. ADJOURNMENT</b></p>	<p>The Board adjourned to Closed Session at 9:57 p.m.</p>