

CAYUCOS SANITARY DISTRICT  
200 Ash Avenue  
PO Box 333, Cayucos, CA 93430-0333  
805-995-3290

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

REGULAR MEETING  
MINUTES  
SEPTEMBER 15, 2010  
6:00 P.M.

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 6:03 p.m.

Board members present: President Robert Enns, Vice-President Bud McHale and Directors Shirley Lyon and Michael Foster

Board members absent: Director Hal Fones

Staff present: District Manager Bill Callahan, Administrative Services Officer (ASO) Lewis Brookins and Administrative Services Tech Nancy Martin

Consultants present: Karen Shanley, District Financial Advisor

Visitors present: Terry Paris

2. PUBLIC COMMENTS

Cayucos resident Terry Paris stated he came to the meeting to see how District operations are going, and expressed interest in the upcoming O&M Garage and Shop Project.

3. ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY

ASO Brookins' written report and Investment Policy were received for review and acceptance. He reported that in 2009 the District explored enlisting a third party money manager/administrator to handle District investments. Brookins will be examining policy of other organizations and anticipates further discussion and direction from the Board later this year. Financial Advisor Shanley suggested meeting with Brookins, Director Foster and Manager Callahan for an indepth look at District policy and to explore possibilities for change. Brookins asked for questions and/or suggestions for revisions to the current Investment Policy. There were none.

MOTION: First by McHale with second by Foster to acknowledge review and acceptance of District Investment Policy for Fiscal Year 2010/2011.

VOTE: 4-0

4. DISCUSSION OF CURRENT DISTRICT INVESTMENTS WITH KAREN SHANLEY AND ASSOCIATES WITH CONSIDERATION TO REINVEST

Financial Advisor Shanley's written report and handouts were received. Board members discussed the current market uncertainty and low returns. With asset backed mortgage holdings maturing this year, Shanley recommended purchasing under five-year callable Municipal notes with a portion of idle District reserves. She also recommended continued roll over of Certificates of Deposit (CD) held, maintaining the \$250,000 limit per CD and transferring excess earnings to the money market account. ASO

Brookins and Board members expressed reservations of longer term investments, with uncertainty of the SRF loan process timeline and the need to maintain funds available for the WWTP Upgrade.

MOTION: First by Foster with second by McHale directing Karen Shanley, Financial Advisor, to invest up to \$1,000,000 in District idle reserves in US Treasuries, each holding not to exceed one year.

VOTE: 4-0

#### 5. DISCUSSION OF DISTRICT HISTORY AND ARTICLES OF INCORPORATION

Manager Callahan's written report was received. Board members discussed the District's latent powers, which include solid waste disposal, storm drainage facilities, wastewater treatment and water reclamation, as conceivable revenue generating means. Callahan was commended on information gathered. The item was deferred until Director Fones returns from vacation.

#### 6. CONSIDERATION TO ADOPT RESOLUTION NO. 2010-5 ESTABLISHING AN APPROPRIATION LIMIT FOR THE FISCAL YEAR ENDING JUNE 30, 2011

MOTION: First by McHale with second by Lyon to adopt Resolution No. 2010-5 Establishing an Appropriation Limit for the Fiscal Year Ending June 30, 2011

ROLL CALL VOTE: Enns (yes); McHale (yes); Fones (absent); Lyon (yes); Foster (yes)

#### 7. STAFF COMMUNICATIONS AND INFORMATION ITEMS (no action required):

##### A. District Manager's Report (Callahan) – August 2010

Manager Callahan's written report was received. He stated that the PERC Customized Design Report (CDR) is expected September 23 rather than September 15 and that staff will report on the CDR at the October 14, 2010 WWTP (JPA) meeting. Callahan provided Board members a draft Agenda for the October 14 meeting, asking if they were amenable to breaking up the October 14 Agenda into two meetings. There are a number of New Business items on the agenda which may necessitate a significant amount of time for discussion and make for a very long single meeting. Board members offered their availability for an additional meeting.

##### B. Administrative Service Officer's Report (Brookins) – August 2010

ASO Brookins written report was received. He reported he met with TechXpress, an internet technology (IT) firm, to discuss upgrades to District billing and accounting systems and a viable network for centralizing data.

#### 8. CONSENT CALENDAR

##### A. Approval of Minutes of the August 18, 2010 Regular Board of Directors Meeting

##### B. Approval to pay outstanding bills as of September 15, 2010

MOTION: First by McHale with second by Foster to approve the Consent Calendar in its entirety.

VOTE: 4-0

#### 9. BOARD MEMBER COMMENTS

A. Morro Bay/Cayucos Wastewater Treatment Plant (JPA) TAC Meeting, *Date:* September 16, 2010, *Hosted By:* City of Morro Bay, *Location:* TBD, *Time:* 1:00 p.m.

B. Morro Bay/Cayucos Wastewater Treatment Plant (JPA) Meeting, *Date:* October 14, 2010, *Hosted By:* Cayucos Sanitary District, *Location:* Cayucos Veterans Hall, *Time:* 6:00 p.m.

#### 10. SCHEDULE AGENDA ITEMS FOR THE OCTOBER 20, 2010 BOARD MEETING

#### CLOSED SESSION:

##### 11. PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government Code Section 54957 Title: District Manager

President Enns announced Closed Session at 8:20 p.m.

**OPEN SESSION:**

The meeting reconvened at 8:45 p.m.

12. ANNOUNCE ACTION TAKEN IN CLOSED SESSION

Based on District Manager Callahan's performance evaluation, the Board issued a salary increase to \$78,000.00, effective April 16, 2010. The Term of the new employment agreement is for two years and allows for a four-month severance package in the event of termination without cause.

13. ADJOURNMENT

The meeting adjourned at 8:50 p.m.

Minutes recorded by:

*Nancy Martin*

Nancy Martin, Administrative Services Tech.