

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting
January 10, 2007

A Regular Meeting of the Board of Directors of Leucadia Wastewater District (LWD) was held Wednesday, January 10, 2007 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

President Hanson called the meeting to order at 5:00 p.m.

2. Roll Call

DIRECTORS PRESENT: Hanson, Sullivan, Kulchin Juliussen and Omsted
DIRECTORS ABSENT: None.
OTHERS PRESENT: General Manager (GM) Paul J. Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Project Manager Robin Morishita, Executive Assistant Trisha Miranda, Steve Deering with Dudek and Associates, CPA Richard Duffey with Brownell and Duffey, Mike Hogan with Encina Wastewater Authority and Charles Fedak with Charles Fedak & Co.

3. Pledge of Allegiance

4. Approval of Agenda

Upon a motion duly made, seconded, and carried, the Board of Directors approved the agenda.

5. Public Comment

No public comment was received.

6. Presentations and Awards

None.

7. Consent Calendar

- A. Minutes for the following meetings:
December 13, 2006 Regular Board meeting.
January 4, 2007 Investment & Finance Committee meeting.
- B. Demands for December 2006 – January 2007
Payroll Checks Numbered 12190 - 12227; General Checking – Checks numbered 33616 – 33721; Manager Account – Checks numbered 299-300
- C. Operations Report (A copy was attached to the original January 10, 2007 Agenda)
- D. Finance Report (A copy was attached to the original January 10, 2007 Agenda)

Following discussion and upon a motion duly made, seconded, and carried, the Board of Directors approved the consent calendar.

8. Encina Wastewater Authority Reports

- A. Encina Wastewater Authority Report – December 13, 2006 Board meeting.

Director Sullivan reported on EWA's December 13, 2006 Board meeting.

- B. Member Agency Manager (MAM) Meeting – January 10, 2007

GM Bushee reported on the MAM's January 10, 2007 meeting.

9. Committee Reports

- A. Investment & Finance Committee (IFC) Meeting – January 4, 2007

President Hanson reported that the IFC reviewed the Fiscal Year 2006 (FY06) Comprehensive Annual Financial Report (CAFR). The CAFR will be reviewed by the Board of Directors later in tonight's agenda.

10. Old Business

None.

11. New Business

- A. 2007 Board of Directors Committee Assignments.

President Hanson reviewed the committee assignments and appointed Director Allan Juliussen to represent LWD on the Encina Wastewater Authority Board of Directors. Director Juliussen accepted the position.

- B. Encina Wastewater Authority Outfall Inspection Report.

GM Bushee stated that at the December 13th Board meeting, the Board requested viewing EWA's Outfall Inspection Report at tonight's meeting, however due to the length of the video, staff invited GM Mike Hogan to present the highlights of the outfall inspection. GM Bushee introduced GM Mike Hogan with EWA to present the EWA's Outfall Inspection. Mike Hogan presented the following highlights of the report:

- Description and properties of the 72' pipeline, such as; tie rods, joints.
- Changes in the environment surrounding the pipeline.
- Changes from the 2003 inspection vs. 2006 inspection.
- The overall finding of the inspection was that the outfall pipe is in excellent condition.

This item was for informational purposes. No action was taken.

- C. Fiscal Year 2006 Comprehensive Annual Financial Report (CAFR).

GM Bushee presented a brief overview of the CAFR. GM Bushee stated the audit illustrated that LWD is in a strong financial position and was pleased to report that no management letter was issued by the auditor. GM Bushee then presented a brief overview of the Management and Discussion Analysis (MD&A).

CPA Duffey presented an overview of the FY 06 Audit Financial Statements.

Mr. Fedak with Charles Fedak & Co. also stated that the audit found no material weaknesses involving LWD's internal control structure or operations.

Following discussion and upon a motion duly made, seconded, and carried, the Board of Directors unanimously voted to receive and file the FY 06 Comprehensive Annual Financial Report as presented.

D. Adopt Resolution No. 2175 Adopting the LWD Board-General Manager/Staff Relations Policy.

ASM LeMay presented an overview of the Board-General Manager/Staff Relations Policy. ASM LeMay stated that staff has made the recommended changes to the policy that were requested at the December Board meeting. Subsequent to the preparation of the agenda, staff had received several comments from Board members and counsel regarding the policy. Counsel's comments were provided to the Board as a handout.

General Counsel Brechtel briefly explained his suggested changes to Section 5 of the policy that explains the Board, General Manager, and staff to attorneys relations. Director Omsted briefly explained his suggested changes to the policy.

The Board discussed the suggested changes at length. During the discussion the Board agreed to amend the policy to include Counsel Brechtel's suggested changes to Section 5 only.

Following a discussion, and upon a motion duly made, second, and carried, the Board of Directors adopted Resolution No. 2175 as amended by the following vote:

AYES: Directors, Hanson, Sullivan, Juliussen, Kulchin, and Omsted
NOES: None
ABSENT: None
ABSTAIN: None

E. Board of Directors Disclosure of Reimbursement Report for July 2006 thru December 2006.

The Board of Directors reviewed the Reimbursement Report for July 2006 through December 2006. Following discussion and upon a motion duly made, seconded, and carried, the Board of Directors unanimously voted to receive and file the Board of Directors Disclosure of Reimbursement Report for July 2005 thru December 2005.

F. CSDA requests for letters of interest for the Region 6 Board of Directors vacancy.

GM Bushee stated that LWD received a letter from CSDA requesting nominations for the Region 6 Board of Director vacancy due to the retirement of Harry Ehrlich of Olivenhain Municipal Water District. A letter of interest and copy of a Board Resolution supporting the nomination is due no later than Friday, February 2, 2007.

Following discussion, the Board of Directors stated they will support President Hanson to run for the seat, if she is interested in the position.

13. Information Items

GM Bushee reported on the following information items:

A. CSDA and LWD Scholarship Information.

GM Bushee requested that Board members volunteer to be on the LWD Scholarship Committee. Directors Sullivan and Kulchin volunteered to be on the committee.

B. CWEA Awards & Installation Banquet is scheduled for Saturday, January 27, 2007 at 5:00 p.m. at the Catamaran Resort Hotel.

14. Directors Meetings

None.

15. Comments, Questions or Requests by Directors

Vice President Sullivan stated that staff and Executive Assistant Trisha Miranda did a great job organizing the Holiday Party and recognizing the Employee of Year.

16. General Manager's Report

GM Bushee reported that staff reduced CSRMA's liability deductible from \$100,000 per incident to \$50,000 per incident. GM Bushee also stated that staff provided a handout of CSDA 2007 training courses and if any Board member is interested in attending, please contact Trisha Miranda.

17. General Counsel's Report

None.

18. Closed Session

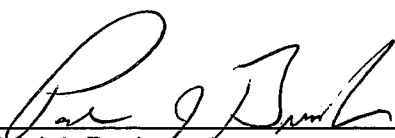
There was no closed session.

19. Adjournment

President Hanson adjourned the meeting at 6:50 p.m.



Judy Hanson, President



Paul J. Bushee
Secretary/General Manager (SEAL)