

LEUCADIA WASTEWATER DISTRICT
Minutes of a Regular Board Meeting
January 14, 2009

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, January 14, 2009 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT: Kulchin, Juliussen, Hanson, Omsted, and Sullivan

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Field Services Manager Leo Schemp, Administrative Services Manager Chuck LeMay, Executive Assistant Trisha Hill, Richard Duffey with Brownell and Duffey, and District Engineer Steve Deering, Utility Worker Ian Riffel, Ann Kulchin, Leslie Kulchin, Grant Kulchin, Zach Kulchin, and Kevin Hardy with Encina Wastewater Authority

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

There was no public comment. GM Bushee introduced the guests at tonight's meeting. In addition, he introduced LWD's new employee Ian Riffel. Mr. Riffel was hired as a Utility Worker. Mr. Riffel provided brief background information about himself.

6. Presentations and Awards

- A. LWD received the San Diego Society for Human Resources Management (SDSHRM) 2008 Medallion Excellence Award.

GM Bushee stated that LWD recently received the SDSHRM 2008 Medallion Excellence Award, which recognizes LWD's commitment to Human Resources practices. GM Bushee acknowledged ASM LeMay for submitting the application for the award. GM Bushee presented the award to President Kulchin.

The Board congratulated LWD staff for their efforts.

7. Consent Calendar

- A. Minutes for the following meetings:
December 8, 2008 Investment & Finance Committee Meeting

December 10, 2008 Regular Board meeting
January 7, 2009 Investment & Finance Committee meeting

- B. Demands for December 2008/January 2009
Payroll Checks Numbered 14018 - 14061; General Checking – Checks numbered 37216 – 37332; General Managers Checks numbered 341-343.
- C. Operations Report (A copy was included in the original January 14, 2009 Agenda)
- D. Finance Report (A copy was included in the original January 14, 2009 Agenda)
- E. Fiscal Year 2009 (FY 09) LWD Tactics and Action Plan Status Report (A copy was included in the original January 14, 2009 Agenda)
- F. Disclosure of Reimbursements Report for July through December 2008 (A copy was included in the original January 14, 2009 Agenda)

Following discussion and upon a motion duly made by Vice President Juliussen, seconded by Director Sullivan, and carried, the Board of Directors approved the consent calendar.

8. Encina Wastewater Authority (EWA) Reports

- A. Encina Wastewater Authority Report – December 17, 2008 Board meeting.

Vice President Juliussen reported on EWA's December 17, 2008 Board meeting.

- B. Member Agency Managers (MAM) Report – January 14, 2009 meeting.

GM Bushee reported on the MAM January 14, 2009 meeting.

9. Committee Reports

- A. Investment & Finance Committee meeting was held January 7, 2009 – report by Director Hanson

Director Hanson reported that the IFC met with staff and Ms. Marilyn Jones with the Epler Company to review LWD GASB Actuarial Valuation Report.

GM Bushee provided a brief explanation on GASB statements Nos. 43 and 45. These statements require agencies to accrue and expense liabilities with other post-employment benefits (OPEB).

The committee reviewed options that LWD could use to address the unfunded liability associated with other post-employment benefits.

10. Old Business

None.

11. New Business

A. Election of LWD Board Vice President

GM Bushee stated that at the December Board meeting, the Board voted David Kulchin as President. In addition, the Board requested that staff research which Director should be next in line for Vice President.

Staff has since researched this issue, and it was determined that Director Juliussen is next in line to become Vice President for 2009.

Following discussion, upon a motion duly made by Director Hanson and seconded by Director Sullivan, the Board of Directors unanimously elected Allan Juliussen as Vice President.

B. Board of Directors 2009 Committee Assignments

President Kulchin stated that no changes to committee assignments were needed; therefore no action was taken.

C. Encina Wastewater Authority (EWA) 2008 Outfall Inspection Report

GM Bushee introduced EWA's Assistant General Manager (AGM) Kevin Hardy to present EWA's 2008 Outfall Inspection. Mr. Hardy presented the following highlights of the report:

- Brief history of the Encina Ocean Outfall
- Description and properties of the 72' pipeline, such as; tie rods, joints
- The scope of work of the inspection and the outcomes of the maintenance
- The overall finding of the inspection was that the outfall pipe is in good condition.

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

D. Review of LWD's Financial Approach

ASM LeMay stated that at the December Board of Directors meeting, Director Kulchin requested a brief report on how the District is able to keep its strong financial position throughout these tough economic times.

ASM LeMay provided an overview of LWD key components in LWD's multi-pronged approach that keeps the District in its strong financial position. These components included, 1) incorporating replacement costs in our rate structure; 2) following our "pay as you go" policy for capital projects; 3) proactively maintaining and replacing LWD's assets and 4) conducting periodic long range planning studies.

In addition, ASM LeMay stated that LWD's key components are supported by other activities; such as, the CAMP investment program, routine monitoring of reserves and expenses, the annual review of the District Investment and Reserve Policies, and

our budget, and auditing activities. President Kulchin commended ASM LeMay for the report.

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

E. LWD Reserve Status Report

GM Bushee stated that the Investment and Finance Committee requested that staff develop a draft monthly reserve status report. GM Bushee introduced CPA Richard Duffey to provide an overview of the report.

CPA Richard Duffey stated that the report covers the activity of LWD's two primary reserves; the restricted Capital Improvement Reserve and the unrestricted of the Capital Replacement Reserve. CPA Duffey provided a brief summary of how the balances of the funds will be reflected in the table and graph within the report.

Director Omsted questioned whether the Reserve Status Report can incorporate the monthly Investment Summary information into one report. CPA Duffey explained that it would be difficult to incorporate the two reports as one, because the reserves incorporate financial factors beyond the daily cash flow.

Following discussion, the Board came to a consensus to include the Reserve Status Report into the monthly finance report.

12. Information Items

- A. CASA Washington DC Conference is scheduled for March 9-11, 2009 at the Hotel Monaco in Washington DC.

Vice President Juliussen stated he would like to attend the conference.

Director Sullivan requested that the March Board meeting be rescheduled because three of the five Board members will not be able to attend the March 11th Board meeting. The Board members came to a consensus to schedule the March Board for Wednesday, March 4, 2009.

13. Directors' Meetings

- A. CASA Annual 2009 Conference was held at the Hyatt Grand Champions in Indian Wells, CA from January 21-24, 2009.

14. Comments, Questions or Requests by Directors

None.

15. General Manager's Report

The following items were reported:

- ❖ PM Morishita presented a PowerPoint Presentation on the status of Site Improvement Project. PM Morishita stated that there was one change order in December in an amount of \$9,124. The change order percentage of the original

contract cost is 1.58%; therefore the revised contract amount is \$8,890,776.

- ❖ GM Bushee and FSM Schempp met with a Jared Criscuolo from the Surf Rider Foundation and provided him a tour of LWD facilities on January 7th.
- ❖ GM Bushee noted the CWEA Awards Banquet is scheduled for Saturday, February 7th in San Diego. GM Bushee offered to carpool with interested Board members.
- ❖ GM Bushee noted the CWEA Annual conference is scheduled for April 28 – May 1, 2009. Staff provided a copy of the program at your seat for your review.
- ❖ LWD received the CSDA Quarterly Dinner program today, and staff provided a copy of the program at your seat for your review.

16. General Counsel's Report

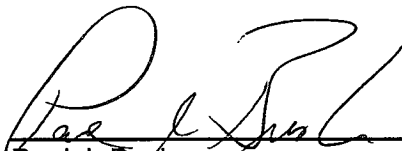
General Counsel Brechtel reported that he is still participating on CASA Lateral Committee and the committee will provide a presentation at the upcoming CASA conference. The Committee decided not to pursue legislation this year. Base on the survey information that was received from other districts, some districts do not want to be mandated to regulate homeowners private laterals. General Counsel Brechtel noted he will continue to participate on the committee.

17. Adjournment

President Sullivan adjourned the meeting at 6:13 p.m.



David Kulchin, President



Paul J. Bushee
Secretary/General Manager
(SEAL)