

LEUCADIA WASTEWATER DISTRICT
Minutes of a Regular Board Meeting
November 10, 2010

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, November 10, 2010 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

DIRECTORS PRESENT: Juliussen, Omsted, Hanson, Sullivan, and Kulchin
DIRECTORS ABSENT: None
OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Administrative Services Manager Chuck LeMay, Field Services Manager Leo Schempp, Project Manager Robin Morishita, Executive Assistant Trisha Hill, Field Services Supervisor Jeff Stecker, District Engineer Steve Deering, CPA Richard Duffey, Marilyn Jones with The Epler Co., Richard Babbe with PFM, and Carlos Mendoza, a LWD customer

3. Pledge of Allegiance

4. Approval of Agenda

Counsel Brechtel stated that an agenda item came to staff's attention after the posting of the agenda. The new item is the Batiquitos Lagoon Foundation Board Members 2010 Election.

Upon a motion duly made by Director Hanson, seconded by Vice President Omsted, and carried, the Board of Directors approved to add item 11E the Batiquitos Lagoon Foundation Board Members 2011 Election to the agenda.

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

5. Public Comment

President Juliussen stated that the District received one speaker slip from LWD customer, Carlos Mendoza.

Mr. Mendoza stated that he would like to address the Board since his name was on the November General Election ballot for the LWD Board of Directors. He stated he is new to politics, but not to sewer issues. He indicated that he learned a lot from the public system and he thanked all the Board members for what they do as the District's leaders.

One of his campaign goals was to promote the education of this industry and to educate residents about the industry. He noted that he believed he achieved this goal by reaching

out to one person at a time during his campaign. He indicated that as part of his educational campaign, he recently took the Boy Scout cubs on a tour of the Encina Wastewater Plant.

He also stated that one of the things that he is concerned within our industry is the impression of "out of sight" is a good thing. He noted that the recent spills have created a negative outlook on the industry. He suggests that the industry look for more opportunities to be viewed in positive way by the public; such as letting them know what the District is doing to prevent future spills and how we our learning from these incidents. In addition, he asked that the Board and staff consider reviewing of the condition of the concrete mains in the District and at Encina. He thanked the Board and he stated that he admired the work that the Board does.

Director Hanson responded to Mr. Mendoza's comment on the public view of the industry. She stated that the District does reach out to the media with positive information, but unfortunately it's not included in the paper the majority of the time.

President Juliussen thanked Mr. Mendoza for his participation in the local election process.

6. Presentations and Awards

None.

7. Consent Calendar

GM Bushee stated that Vice President Omsted had questions concerning item D – the Finance Report. He requested that this item be pulled for further discussion.

A. Minutes for the following meetings:

October 12, 2010 Engineering Committee meeting
October 12, 2010 Investment & Finance Committee meeting
October 13, 2010 Regular Board meeting
October 26, 2010 Employee Recognition Committee meeting
October 28, 2010 Community Affairs Committee meeting

B. Demands for October/November 2010

Payroll Checks Numbered 15155 – 15215; General Checking – Checks numbered 40059 – 40260

C. Operations Report. (A copy was included in the original November 10, 2010 Agenda)

Upon a motion duly made by Director Sullivan, seconded by Director Hanson, and carried, the Board of Directors approved all items on the consent calendar with the exception of item D) Finance Report.

D. Finance Report. (A copy was included in the original November 10, 2010 Agenda)

Vice President Omsted stated that he requested more detailed information on the Finance Report because the investment summary on page 57 showed a reduction of approximately \$800,000 whereas page 58 showed no investment transactions for the month. Vice President Omsted requested that the investment transactions report

include the investment "pool" transactions in addition to the purchase and maturities of longer term bonds and securities.

GM Bushee provided background information to address Vice President Omsted's concerns. GM Bushee also summarized how staff utilized the investments pools to transfer funds to and from the investment pools for day to day cash flow purposes. CPA Duffey also provided additional information. GM Bushee questioned if the Board wants to include a more detailed report that includes more of the day to day cash flow transactions from the investment pool. Following discussion, the Board of Directors indicated that no changes to the monthly finance report are needed.

Upon a motion made by Director Kulchin, seconded by Vice President Omsted, and carried, the Board of Directors approved item D) Finance Report.

8. Encina Wastewater Authority (EWA) Reports

A. Encina Wastewater Authority Report – October 27, 2010 Board meeting.

Director Sullivan reported on EWA's October 27, 2010 Board meeting.

B. Member Agency Manager's Meeting (MAM) Report – October 21, 2010 meeting.

GM Bushee reported on MAM's October 21, 2010 meeting.

9. Committee Reports

A. Employee Recognition Committee meeting was held on October 26, 2010.

Director Hanson reported that the ERC discussed the entertainment options for the 2010 Holiday Party. The Committee and staff agreed not to schedule entertainment to allow additional social time with light music. She noted that the event will be held at the Crossings restaurant.

Director Hanson also reported that the ERC reviewed the Employee of Year Award nomination forms and selected a recipient of the Employee of the Year Award. This item will be reviewed later in the agenda.

B. Investment & Finance Committee meeting was held on November 8, 2010.

Director Hanson reported that the IFC reviewed the LWD Actuarial Valuation report in detail and agreed with staff to recommend that the Board of Directors receive and file the report.

C. Community Affairs Committee meeting was held on October 28, 2010.

Vice President Omsted reported that the CAC reviewed the first draft of the winter 2010 newsletter articles. He stated that the CAC had a lot of comments and recommended rewriting the articles. He noted that the CAC will review the articles at the upcoming CAC meeting.

10. Old Business

None.

11. New Business

A. California Asset Management Program (CAMP) Individual Portfolio Program Status Report.

ASM LeMay noted that staff works with Mr. Richard Babbe of PFM for advice on investments. Mr. Babbe is here today to present an update on LWD's Investment Program and current interest rates.

Mr. Babbe presented an overview of the status of the CAMP Individual Portfolio and how the economy is affecting investments. He discussed how the economy has affected the District's investments over the past year, noting that the key goals while investing the District's funds, are maintaining the safety, liquidity, and yield of investments. Mr. Babbe noted that staff has been utilizing LAIF and the San Diego County investment pools because of higher interest rates in those pools relative to longer term investments. Mr. Babbe indicated that most economists believed that the interest rates will stay low until 2012.

Mr. Babbe answered questions addressed by the Board of Directors and discussed the potential to invest in state bonds. This was an information item and there was no action taken.

B. Receive and file the LWD Actuarial Valuation as of July 1, 2010.

ASM LeMay presented this item stating that this report reviews the District's OPEB liabilities. He noted that LWD's first evaluation was completed in 2008 by the Epler Company. ASM LeMay introduced Ms. Marilyn Jones, with the Epler Co., to present the valuation in detail.

Mr. Jones provided an overview of the Actuarial Valuation explaining the results of the valuation and what variables and assumptions were used to determine the required contribution. She indicated the annual required contribution for FY 2010/2011 is \$4,193.

Following discussion, upon a motion duly made by Director Sullivan, seconded by Vice President Omsted, and carried, the Board of Directors received and filed the LWD Actuarial Valuation as of July 1, 2010.

C. Approve award of \$1,000 to the recipient of the 2010 Employee of the Year Award without naming the recipient.

Upon a motion duly made by Vice President Omsted, seconded by Director Hanson, and carried, the Board of Directors approved the \$1,000 award to the 2010 Employee of the Year recipient without naming the recipient.

D. Approve the Calendar Year 2011 Board of Directors' Meeting Schedule.

Following discussion, and upon a motion duly made by Director Sullivan, seconded by Director Hanson, and carried, the Board of Directors approved the Calendar Year 2011 Board of Directors' Meeting Schedule.

E. Batiquitos Lagoon Foundation (BLF) Board Members 2010 Election.

ASM LeMay presented this item stating that the Board represents one vote. He indicated that there were three candidates for three available seats on the BLF Board of Directors.

Director Omsted provided his recommendations for the election stating that all candidates are highly qualified.

Following discussion, and upon a motion duly made by Vice President Omsted, seconded by Director Hanson, and carried, the Board of Directors casted LWD's vote for the Batiquitos Lagoon Foundation Board Members 2010 election.

Staff will mail the ballot to the BLF by the due date.

12. Information Items

A. Settlement of Claim Submitted Against Leucadia Wastewater District.

PM Morishita presented this item stating background information on the claim. PM Morishita stated that the District's Avocado Pump Station project created an unhealthy environment and reduced parking for the Leucadia Donut Shop. PM Morishita negotiated and settled this claim in the amount of \$3,750.

General Counsel Brechtel noted that this was an unusual circumstance to pay a claim for a public works project, but there were specific reasons on why this claim was paid.

B. Batiquitos Spill Update.

FSM Schempp provided a detailed report and chronological timeline of events that occurred the night of the spill. FSM Schempp indicated the cause of the spill and the amount of the spill that flowed into the Batiquitos Lagoon. FSM Schempp also presented correspondence between LWD staff, the Regional Water Control Board and the Environmental Protection Agency. FSM Schempp stated that staff will be filing a final report with the Regional Water Control Board.

Vice President Omsted requested that the summary of the report be sent to the Batiquitos Lagoon Foundation. GM Bushee agreed to do so.

This was an information item and there was no action taken.

C. Meadows 3 Sewer Extension Update.

District Engineer Deering presented an update of the Meadows 3 Sewer Extension

Project. He stated that LWD has been working with the city of Carlsbad to improve the sewer collection system. Mr. Deering summarized the agreements between LWD and the city of Carlsbad indicating that the project was completed in early October when 70 properties that were served by LWD were transferred to the city of Carlsbad.

D. Encina Water Pollution Control Facilities Overflow.

GM Bushee stated that last month he presented an overview of the Encina Water Pollution Control Facilities spill. He stated the California Regional Water Quality Control Board (CRWQCB) issued Encina and the member agencies with an Investigative Order that requested detailed information regarding the spill. GM Bushee indicated Encina will be responding to the order. He noted that the due date of the report is November 22nd and the report is in progress. GM Bushee stated that the member agencies will meet to discuss how the fine will be divided between the agencies. GM Bushee estimated that the District's portion of the repair costs may be up to \$300,000 to \$400,000, which does not include the fine that EWA and the member agencies may receive from the CRWQCB.

GM Bushee also briefed the Board regarding other sewer mains located near Encina that are shared between multiple agencies including the District. GM Bushee stated that staff will be working with the city of Carlsbad to discuss how the south line called the Occidental main is maintained. He noted that city of Carlsbad is responsible for the maintenance on the line and the city of Carlsbad inspected the line to view the condition of the line. He noted that the manholes are not in good condition, but the clay pipe is in good condition. GM Bushee indicated that the District will have a financial commitment for the maintenance and repairs of the sewer main.

E. The CSDA Quarterly Dinner Meeting is scheduled for Thursday, November 18, 2010 at 6:00 p.m. at the Courtyard by Marriott in San Diego.

GM Bushee stated he is unable to attend the meeting, but EA Hill will be attending and she will be leaving the District at 5:30 p.m. if any of the Board members would like to car pool with her.

Director Sullivan stated that she and Director Hanson will leave early to attend the CSDA Teacher Grant meeting.

13. Directors' Meetings

None.

14. Comments, Questions or Requests by Directors

Director Sullivan thanked everyone for their support and said it was great to be re-elected.

15. General Manager's Report

The following items were reported:

- LWD's response to the San Diego Union Tribune's public information request was mailed today;

- Tomorrow is Veterans' Day and the District office will be closed;
- He congratulated Directors Sullivan and Kulchin for their successful re-election.
- EA Hill reported that the District will participate in the Carlsbad Adopt-a-Family project. She noted the due date to receive items in order for her to drop them off at the Carlsbad Boys & Girls Club.

16. General Counsel's Report

General Counsel Brechtel stated that he attended the CASA's attorney committee meeting. Mr. Brechtel noted that the State Controller's Office is posting public agencies compensation information on their website and he will monitor this.

Mr. Brechtel also reported information on Proposition 25 which relates to passing a budget with a simple majority. He also discussed Proposition 26, which creates a burden to agencies that are unable raise fees without two third votes.

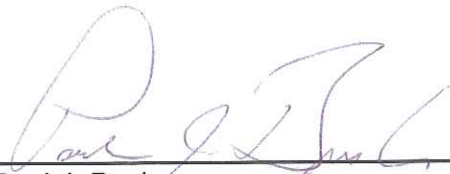
Director Kulchin commented that the District approved to pay for the Bud Lewis retirement dinner, but not receive a stipend to attend the event. He indicated that other Board members were in the newspaper that also received a stipend for attending chamber events. He noted that he was glad that the District's policy doesn't include the Board receives stipends to chamber events.

17. Adjournment

President Juliussen adjourned the meeting at 6:39 p.m.



Allan Juliussen, President



Paul J. Bushee
Secretary/General Manager
(SEAL)