

LEUCADIA WASTEWATER DISTRICT
Minutes of a Regular Board Meeting
December 10, 2008

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, December 10, 2008 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

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

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Field Services Manager Leo Schempp, Administrative Services Manager Chuck LeMay, Executive Assistant Trisha Hill, Richard Duffey with Brownell and Duffey, and District Engineer Steve Deering, Field Services Specialist Frank Reynaga, and Paul Kaymark of Charles Z. Fedak & Co.

3. Pledge of Allegiance

4. Board of Directors Oath of Office

General Counsel Brechtel administered the oath of office to Directors Judy Hanson, Allan Juliussen, and Donald Omsted.

5. Approval of Agenda

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

6. Public Comment

There was no public comment. GM Bushee introduced Field Services Specialist Frank Reynaga and Paul Kaymark of Charles Z. Fedak & Co.

7. Presentations and Awards

- A. Special District Leadership Foundation (SDLF) recognizes Directors Judy Hanson and Allan Juliussen.

GM Bushee stated that two Board members recently received certificates from SDLF for completing the CSDA governance courses. President Sullivan presented Directors Hanson and Juliussen with certificates from SDLF for "Recognition in Special District Governance."

The Board congratulated Directors Hanson and Juliussen for their efforts.

B. Achievement of Individual Objective – Awards presented to staff members Robin Morishita and Frank Reynaga.

GM Bushee stated that Robin Morishita passed his fifth anniversary of employment at LWD. Mr. Morishita was unable to attend tonight's meeting because of an obligation with the US Navel Reserves. GM Bushee noted that Robin is eligible to receive a \$100 incentive award under LWD's Incentive program.

GM Bushee stated that Frank Reynaga passed his thirtieth anniversary of employment at LWD. GM Bushee provided brief background information about Frank. President Sullivan presented Frank with his certificate. GM Bushee noted that Frank is eligible to receive a \$750 incentive award under LWD's Incentive program.

Mr. Reynaga thanked staff and the Board for his award.

The Board of Directors congratulated Robin and Frank for their accomplishments.

8. Consent Calendar

A. Minutes for the following meetings:

November 10, 2008 Engineering Committee meeting

November 12, 2008 Regular Board meeting

December 4, 2008 Engineering Committee meeting

B. Demands for November 2008/December 2008

Payroll Checks Numbered 13953 - 14017; General Checking – Checks numbered 37055 – 37215; General Managers Checks numbered 334-340.

C. Operations Report (A copy was attached to the original December 10, 2008 Agenda)

D. Finance Report (A copy was attached to the original December 10, 2008 Agenda)

Director Omsted pulled item 8A. Director Omsted noted that his request to enhance the look of the newsletter mail cover was not included in the November minutes. He requested that this language be added to the minutes.

Following discussion and upon a motion duly made by Director Omsted, seconded by Director Juliussen, and carried, the Board of Directors approved the minutes as amended, as well as the remainder of the consent calendar.

9. Encina Wastewater Authority (EWA) Reports

A. Encina Wastewater Authority Report – November 19, 2008 Board meeting.

Director Juliussen reported on EWA's November 19, 2008 Board meeting.

B. Member Agency Managers (MAM) Report – December 10, 2008 meeting.

GM Bushee reported on the MAM December 10, 2008 meeting.

10. Committee Reports

A. Engineering Committee meeting was held December 4, 2008 – report by Director Juliussen

Director Juliussen reported that the CAC reviewed the agreement with TELDATA for the installation of low voltage cabling for the Site Improvement Project in an amount not to exceed \$28,326.99. The EC concurred with staff to forward this recommendation to the Board of Directors for approval. This item will be reviewed by the Board later in tonight's agenda.

In addition, the EC reviewed the agreement with Infrastructure Engineering Corporation (IEC) to implement the District's Asset Management Plan in an amount not to exceed \$69,882. The EC concurred with staff to forward this recommendation to the Board of Directors for approval. This item will be reviewed by the Board later in tonight's agenda.

Director Juliussen also stated that FSM Schempp provided a status report on the smoke testing project. Director Juliussen stated that he observed the testing today.

The EC also received a status report on repairs on problematic line segments on Cacatua Street and Jacarunda Street in Carlsbad.

In addition, the EC also received a status report on the following projects: 2) Site Improvement Project; 3) Batiquitos Inlet Line Replacement Project; 4) Gibraltar Street Gravity Sewer Construction Project; and 5) Satellite Pump Station Force Main Replacement Project.

B. Investment & Finance Committee meeting was held December 4, 2008 – report by Director Hanson

Director Hanson stated that the IFC was presented with a detail presentation of the District's FY 2008 audit, including a favorable report in the management letter. The audit demonstrated that the District is in a strong financial position. This item will be reviewed by the Board later in tonight's agenda.

11. Old Business

None.

12. New Business

President Sullivan moved item 12C forward for discussion.

C. Receive and File the Fiscal Year 2008 (FY 08) Comprehensive Annual Financial Report (CAFR).

ASM LeMay stated that state law requires that LWD prepare financial statements in conformance with generally accepted accounting principals (GAAP) and the statements must be audited in accordance with generally accepted auditing standards.

The audit included in the Board packet was an unsigned copy and Mr. Kaymark provided the Board and staff with the final signed audit. ASM LeMay thanked Richard Duffey and Maggie McEniry for their hard work in preparing for the audit.

ASM LeMay introduced CPA Duffey to present an overview of the FY 2008 CAFR. Mr. Duffey presented a PowerPoint overview of the auditor's Management Discussion and Analysis (MD&A). Mr. Duffey stated that the audit illustrated that LWD is in a strong financial position and Fedak found that the financial statements fairly represent LWD's financial condition and is in conformance with GAAP.

Mr. Paul Kaymark provided an overview of the basic Financial Statements which included comparisons of LWD's current financial position with LWD's FY 2007 financial position.

Vice President Kulchin requested that staff provide the Board with an overview of how LWD maintains its strong financial position. GM Bushee agreed to do so. Mr. Bushee also offered to meet with Board members individually if they desired more information on the audit.

Director Omsted requested that Investment and Finance Committee should have more meetings to discuss the financials. Director Omsted also noted that the auditor reported that they did not find any material weaknesses involving LWD's internal control structure or operations.

Following discussion, and upon a motion duly made by Director Omsted, seconded by Director Juliussen, and carried, the Board of Directors unanimously voted to receive and file the FY 08 Comprehensive Annual Financial Report as presented.

- A. Authorize the General Manager to execute an agreement with TELDATA for the installation of low voltage cabling for the Site Improvement Project in an amount not to exceed \$28,326.99.

GM Bushee stated that the EC reviewed this item at its December 4th meeting and concurred with staff to bring this item forward to the Board of Directors for approval.

GM Bushee stated that the District is required to hire a company to install low voltage cabling for the new headquarters building's telephone system and local area computer network. Staff solicited quotes from three firms and TELDATA came in with the lowest quote of \$28,326.99.

Following discussion and upon a motion duly made by Director Omsted, seconded by Vice President Kulchin, and carried, the Board of Directors authorized the General Manager to execute an agreement with TELDATA for the installation of low voltage cabling for the Site Improvement Project an amount not to exceed \$28,326.99.

- B. Authorize the General Manager to execute an Agreement with Infrastructure Engineering Corporation (IEC) to implement the District's Asset Management Master Plan (AMMP) in an amount not to exceed \$69,882.

FSM Schempp stated that the EC reviewed this item at its December 4th meeting and concurred with staff to bring this item forward to the Board of Directors for approval.

FSM Schempp provided a brief description and purpose of the AMMP. FSM Schempp stated that the FY 2009 Budget did not include funds for the AMMP implementation and therefore; staff is also recommending that the Board approve an additional appropriation of 80,000 to the FY 2009 budget.

Following discussion and upon a motion duly made by Director Juliussen, seconded by Vice President Kulchin, and carried, the Board of Directors authorized the General Manager to execute an agreement with Infrastructure Engineering Corporation to implement the District's Asset Management Master Plan in an amount not to exceed \$69,882 and approved an additional appropriation of \$80,000 to the FY 2009 budget for the Asset Management Plan implementation.

- D. Board of Directors Election of Officers.

GM Bushee stated that LWD's Resolution No. 2188 establishes a policy for the election of Board officers. Staff has no recommendation.

The Board considered the election of the President and Vice President of the LWD Board. Following discussion, upon a motion duly made by Director Juliussen and seconded by Director Omsted, the Board of Directors unanimously elected David Kulchin as President.

The Board also directed staff to determine which Director is next in line to become Vice President. GM Bushee agreed to do so.

13. Information Items

- A. CASA Mid Year Conference is scheduled for January 21-24, 2009 at the Hyatt Grand Champions in Indian Wells, CA.

- B. Site Improvement Project Update – October 2008.

GM Bushee presented the project status, noting that there was one change order in November in the amount of \$11,651.00.

- C. Gibraltar Street Gravity Sewer Construction Project Notice of Completion.

GM Bushee stated that staff issued a Notice of Completion for the project on December 1, 2008. There were two change orders that totaled \$19,066, which brought the project's final cost to \$301,621. The final cost was under the engineer's estimate of \$465,000.

- D. CWEA-San Diego Section Annual Awards Banquet & Installation Ceremony will be held on Saturday, February 7, 2009 at 6:00 p.m. at the Bahia Resort in San Diego, CA.

President Sullivan stated she will attend the banquet.

- E. CSDA San Diego Section Quarterly Meeting will be on February 19, 2009 in San Diego, CA.

14. Directors' Meetings

None.

15. Comments, Questions or Requests by Directors

Vice President Kulchin thanked FSM Schempp and staff for responding quickly to his neighbor's odor complaint.

Director Omsted stated that he is now on the Batiquitos Lagoon Foundation Board of Directors. The Board members congratulated Director Omsted.

Director Juliussen thanked President Sullivan for doing a great job as the LWD Board President.

President Sullivan wished everyone happy, healthy, and safe holidays.

16. General Manager's Report

The following items were reported:

- ❖ GM Bushee passed out photos of roots growing out of a homeowner's sewer lateral into the District's main line.
- ❖ GM Bushee stated he will be on vacation from December 19 – 29, 2008 and ASM LeMay will be the acting General Manager during his absence.

17. General Counsel's Report

General Counsel reported there is no sewer lateral legislation this year, but the committee may have one next year.

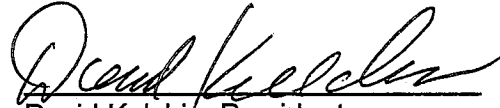
18. Closed Session

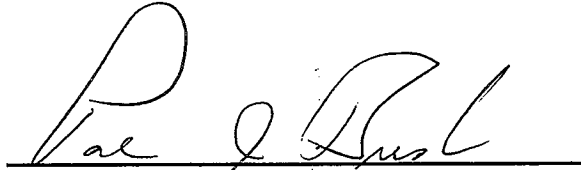
- A. Conference with District Legal Counsel to discuss anticipated litigation pursuant of California Government Code Section 54956.9 (b)(3)(C): claim filed by Joanne Kerr.

There was no reportable action.

19. Adjournment

President Sullivan adjourned the meeting at 7:00 p.m.


David Kulchin, President


Paul J. Bushee
Secretary/General Manager
(SEAL)