

LEUCADIA WASTEWATER DISTRICT
Minutes of a Regular Board Meeting
December 14, 2011

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, December 14, 2011 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

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

2. Roll Call

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

DIRECTORS ABSENT: None.

OTHERS PRESENT: General Manager Paul Bushee, District Counsel Wayne Brechtel, Technical Services Manager Robin Morishita, Administrative Services Manager Chuck LeMay, Field Services Superintendent Jeff Stecker, Executive Assistant Trisha Hill, Administrative Specialist II Tianne Baity, CPA Richard Duffey, District Engineer Steve Deering, and Fred Sandquist, President of the Batiquitos Lagoon Foundation, Kevin Hardy, Encina Wastewater Authority General Manager and Harvey Schroeder with White, Nelson, Diehl Evans.

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

None.

6. Presentations and Awards

A. Achievement of an Individual Award.

President Omsted stated that Administrative Specialist II Tianne Baity received a Human Resource Management certification from National University. He also provided background information about Tianne and stated that under the District's incentive policy she is eligible for a \$500 award.

The Board of Directors congratulated Tianne for her efforts.

B. Batiquitos Lagoon Foundation Thank You.

Fred Sandquist, President of the Batiquitos Lagoon Foundation presented the Board of Directors with an appreciation plaque for the District's support of the Batiquitos Lagoon Foundation.

The Board of Directors thanked Mr. Sandquist for the recognition.

7. Consent Calendar

- A. Minutes for the following meetings:
 - November 9, 2011 Regular Board Meeting
 - November 7, 2011 Investment & Finance Committee Meeting
 - November 7, 2011 Employee Recognition Committee Meeting
 - December 6, 2011 Investment & Finance Committee Meeting

- B. Demands for November/December 2011
 - Payroll Checks numbered 15772-15820; General Checking – Checks numbered 41740-41847

- C. Operations Report. (A copy was included in the original December 14, 2011 Agenda)

- D. Finance Report. (A copy was included in the original December 14, 2011 Agenda)

Upon a motion duly made by Director Juliussen, seconded by Director Kulchin, and carried, the Board of Directors approved the consent calendar.

8. Encina Wastewater Authority (EWA) Reports

- A. Encina Wastewater Authority Report – November 16, 2011 Board meeting.

Director Juliussen reported on EWA's November 16, 2011 Board meeting.

- B. Encina Wastewater Authority Report – December 14, 2011 Board meeting.

Director Sullivan reported on EWA's December 14, 2011 Board meeting. President Omsted asked that GM Kevin Hardy provide information about the award that Director Sullivan received at EWA's November Board meeting.

GM Kevin Hardy of EWA provided brief background information about the award that Director Sullivan received at the EWA November Board meeting. He stated that Director Sullivan was the second recipient of the award. EWA recognized her for contributions to EWA and for her twenty three years of service on the Board of Directors.

- C. Member Agency Manager (MAM) Meeting – December 12, 2011.

GM Bushee reported on the December 12, 2011 MAM meeting.

9. Committee Reports

- A. Investment & Finance Committee meeting was held on December 6, 2011.

Vice President Hanson reported that the IFC reviewed the FY 11 Comprehensive Annual Financial Report (CAFR) and that this item will be reviewed by Board later in the agenda. She also stated that the IFC reviewed staff's recommendation to pre-pay the CalPERS side fund and appropriate \$618,212 in the FY 12 budget. She noted that staff will present this item at the January Board meeting for review.

President Omsted noted that Director Hanson provides valuable insight at the IFC meetings. He

thanked her for her contribution during the meetings.

10. Old Business

None.

11. New Business

A. Encina Wastewater Authority (EWA) Ocean Outfall Presentation.

GM Bushee stated that at the November 9, 2011 Board meeting, Director Sullivan suggested that the Board review the EWA's Outfall Inspection Report at the December LWD Board meeting. Staff has since invited EWA's GM Kevin Hardy to present the highlights of the outfall inspection. GM Bushee introduced GM Kevin Hardy to present the EWA's Outfall Inspection report. Mr. Hardy stated that the video will highlight pertinent aspects of the outfall and its history.

GM Hardy followed the video with answering general questions about the pipeline from the Board. The Board thanked GM Hardy for the presentation.

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

B. Receive and file the Fiscal Year 2011 (FY 11) Comprehensive Annual Financial Report (CAFR).

CPA Duffey presented this item with a PowerPoint overview of the Management's Discussion & Analysis (MD&A). He stated that the MD&A provides management's perspective of the District's financial activity for the year. CPA Duffey presented the highlights of the MD&A. He also noted that the audit illustrated that LWD is in a strong financial position based on key financial ratios.

CPA Duffey introduced Mr. Harvey Schroeder to provide the highlights of the financial statements. Mr. Schroeder provided a summary of the financial statements, which included the auditor's report, statement of net assets, long-term liabilities, statement of revenues and cash flows. Mr. Schroeder noted that the auditor's internal report stated that the audit was a clean unqualified opinion for the year ending FY 2011 and no management letter was issued.

GM Bushee acknowledged Mr. Schroeder and his audit team, along with Richard Duffey, ASM LeMay, and AT McEnry for their hard work on the audit.

Following discussion and upon a motion duly made by Director Sullivan, seconded by Vice President Hanson, and carried, the Board of Directors received and filed the FY 2011 CAFR.

C. Board of Directors Election of Officers.

ASM LeMay presented this item stating that the District's Resolution No. 2118 establishes a policy for the election of Board officers.

Director Juliussen motioned to nominate Vice President Hanson for President, seconded by President Omsted, and carried, the Board of Directors unanimously elected Vice President Hanson as President.

Director Juliussen motioned to nominate Director Sullivan for Vice President, seconded by Director Kulchin, and carried, the Board of Directors unanimously elected Director Sullivan as Vice President.

D. Discussion of Potential LWD Board Executive Committee.

President Omsted presented this item, asking the Board for any comments regarding establishing an Executive Committee. Director Juliussen indicated that he would support a similar procedure used by Encina Wastewater Authority. He also noted that on the District's agenda there is a section under Board comments that allows Board members to express their concerns or add an agenda item for the next Board meeting.

President Omsted stated that our current procedure does not include meeting with the General Manager to discuss the formation of the agenda. He also indicated that the Executive Committee will also review government or Board relations issues. President Omsted suggested that the Board consider establishing an Ad Hoc committee to review the advantages and disadvantages of establishing an Executive Committee.

Director Kulchin noted that the Board President has the opportunity to meet with the General Manager to discuss any agenda items prior to the meeting. He indicated that establishing an Executive Committee would not be necessary.

General Counsel Brechtel noted the roles of the Board members and added that the Board would have to act as a whole to oversee the District's operations. He indicated that a Committee cannot direct staff independently, but would need to provide direction to the Board to act as a whole.

Director Kulchin asked the General Counsel if the Board suspected fraud or abuse with staff, does the Board have authority to develop an Ad Hoc committee to address this problem. General Counsel Brechtel confirmed that the Board has this authority.

Director Sullivan asked President Omsted if he has any concerns with the District. President Omsted indicated his concerns relate to potential future Board members and their interaction with staff. He indicated that he doesn't currently see a problem, but would like to establish this committee to prepare for changes in the Board. President Omsted noted that the Ad Hoc committee and staff would investigate the advantages and disadvantages of an Executive committee, noting that he would like to be on the Ad Hoc committee.

General Council Brechtel stated that the Board needs to first vote to develop an Ad Hoc Committee prior to appointing Board members. Once approved, he indicated that the President has the ability to appoint members to a Committee.

President Omsted motioned to establish an Ad Hoc committee to research the advantages and disadvantages of an Executive Committee. There was no second to President Omsted's motion; therefore the establishment of an Ad Hoc committee did not pass.

GM Bushee noted that any Board member can request that an agenda item be added to the agenda or meet with him prior to the Board meeting to discuss any issues. He indicated that he has always included agenda items on the agenda at Board members' requests.

Vice President Hanson suggested that the Board members need some time to think about what President Omsted is proposing. Director Kulchin also suggested that President Omsted present his thoughts on the proposed Executive committee in writing, so other Board members can get a better understanding of what President Omsted is requesting.

The Board of Directors agreed to re-evaluate this item at the February Board meeting.

12. Information Items

A. Review draft Open House Event schedule of expenses.

GM Bushee stated that this item was included in the agenda at the request of Vice President Hanson. He noted that staff received a public records act request regarding expenses for the Open House Event and staff sent this information to the member of the public. Staff prepared a schedule of expenses of the Open House event and it was included in the agenda for your review.

Director Juliussen stated that his neighbor was the individual who requested the list of Open House expenses. He indicated that his neighbor believed the cost to fund this event was excessive. In addition, he stated that there is a calculation error for the total amount listed on the expense sheet. The total amount should be \$45,186.97. He also noted that he would like to participate with the planning for the next Open House event.

Director Kulchin stated that the event was successful and at the next event certain items could be eliminated.

President Omsted stated that he spoke with a Board member from the Goleta Water District and their Open House budget was not as high as the District's budget. President Omsted stated that there are some expenses that could be reduced for the next Open House event.

GM Bushee indicated that staff is planning to schedule a CAC meeting to discuss the open house event.

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

B. San Diego Section CWEA 2012 Awards & Installation Banquet is scheduled for Saturday, January 28, 2012 at 6:00 p.m. located at the Handlery Hotel in San Diego.

GM Bushee stated that he will be carpooling to the event and to RSVP with EA Hill. Directors Sullivan, Omsted, and Juliussen stated that they will be attending the event.

C. CASA Mid-Year Conference is scheduled for January 18-20, 2012 at the JW Marriott in Palm Desert.

EA Hill stated that all Board members have hotel reservations for the dates of January 17th through January 19th. She noted that CSRMA is presenting a seminar on January 18th and to RSVP with her if they would like to attend.

D. Watchdog panel addresses an issue in play with local agencies news article.

General Counsel Brechtel provided a summary of the article. He also explained the regulation that Board members must follow when voting on appointments to Boards and committees that pay stipends of more than \$250 annually.

13. Directors' Meetings

A. California Special District Association (CSDA) San Diego Chapter Quarterly dinner meeting was held on November 17, 2011 in San Diego.

Directors Juliussen, Kulchin, Sullivan and Hanson stated that they attended. They noted that the speaker was Ms. Teresa Acosta with CA Forward for the San Diego Region.

14. Comments, Questions or Requests by Directors

Director Juliussen thanked President Omsted for his good job as the Board President.

Director Sullivan wished everyone a Merry Christmas, Happy Holidays and a healthy New Year. She also thanked Director Omsted for his leadership as the President and also for participating on the Community Affairs Committee with her.

President Omsted stated he will support Vice President Hanson as the new upcoming President in 2012.

15. General Manager's Report

The following items were reported:

- Reminder of the Holiday Party on December 15, 2011.
- Scheduling of the Long Range Planning Session during February to discuss the Board Staff Relations Policy, Compensation Study, and recycled water issues. He asked the Board if they would like for Jeff Bills to facilitate the session since Mr. Bills is on a retainer contract. He noted that Mr. Bills can facilitate this planning session or a mid-year budget appropriation may be needed if the Board wished to hire a different facilitator.

Directors Kulchin and Sullivan suggested that the Board have Mr. Bills facilitate the meeting since he is already on a retainer contract. Director Kulchin also requested that staff schedule a Human Resource Committee meeting to discuss the compensation study.

GM Bushee stated that EA Hill will follow up with a date for the Long Range Planning session.

16. General Counsel's Report

General Counsel Brechtel reported that he will be presenting at the upcoming CASA Conference on sewer lateral regulations.

17. Closed Session

General Counsel Brechtel stated that the Board met in closed session with GM Bushee and ASM LeMay to discuss the Ramirez claim authorized by Government Code section 54956.9 (b). The Board of Directors authorized GM Bushee to reject the Ramirez claim.

18. Adjournment

President Omsted adjourned the meeting at 6:45 p.m.

Judy Hanson for
Donald Omsted, President

Paul J. Bushee
Paul J. Bushee
Secretary/General Manager
(SEAL)