

LEUCADIA WASTEWATER DISTRICT
 Minutes of a Regular Board Meeting
 May 11, 2022

A regular meeting of the Board of Directors of the Leucadia Wastewater District was held Wednesday, May 11, 2022 at 5:00 p.m. via teleconference.

1. Call to Order

President Hanson called the meeting to order at 5:07 p.m.

2. Roll Call

DIRECTORS PRESENT: Hanson, Brown, Roesink, and Omsted

DIRECTORS ABSENT:

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Director of Finance and Administration Ryan Green, Director of Technical Services Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, and Kathleen Heitt from Dexter Wilson Engineering

3. Pledge of Allegiance

Director Brown led the pledge of allegiance.

4. General Public Comment Period

None.

5. Approval of Agenda

Upon a motion duly made by Director Omsted, seconded by Director Roesink, and unanimously carried, the Board of Directors approved the agenda by the following vote:

Director	Vote
President Hanson	Yes
Vice President Sullivan	Absent
Director Brown	Yes
Director Roesink	Yes
Director Omsted	Yes

6. Presentations and Awards

None.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

April 20, 2022 Regular Board Meeting

April 25, 2022 Investment and Finance Committee Meeting

8. Approval of Demands for April / May 2022

Payroll Checks numbered 220420-1 to 220504-18; General Checking Checks numbered 56887-56978

9. Operations Report (A copy was included in the original May 11, 2022 Agenda)

10. Finance Report (A copy was included in the original May 11, 2022 Agenda)

11. Quarterly Treasurer's Report

This report discloses investments for the quarter ending March 31, 2022.

12. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of April 2022.

Upon a motion duly made by Director Brown, seconded by Director Omsted, and unanimously carried, the Board of Directors approved the Consent Calendar by the following vote:

Director	Vote
President Hanson	Yes
Vice President Sullivan	Absent
Director Brown	Yes
Director Roesink	Yes
Director Omsted	Yes

EWA and COMMITTEE REPORTS

13. Encina Wastewater Authority (EWA) Reports

A. A regular EWA Board Meeting was held on April 27, 2022.

Director Omsted reported on EWA's Board Meeting.

B. An Encina Member Agency Manager's (MAM) Meeting was held on May 3, 2022.

GM Bushee reported on EWA's MAM Meeting.

Vice President Sullivan entered the meeting at 5:15 p.m.

14. Committee Reports

A. Investment and Finance Committee (IFC) Meeting was held on April 25, 2022.

Director Brown reported that the IFC received updates on the following:

- Financial Plan;
- Actuarial Valuations of LWD's Pension Plan; and
- Actuarial Valuation of LWD's Retiree Health Program

These items were for informational purposes only. The IFC concurred with staff to present these items to the Board of Directors and they will be discussed later in the agenda.

ACTION ITEMS

15. Approving the Recommended Encina Wastewater Authority Fiscal Year 2023 (FY23) Budget
Adopt Resolution No. 2369 - Approving the Recommended Encina Wastewater Authority Fiscal Year 2023 (FY23) Operating, Capital, and Pension Funding Policy Budgets.

DFA Green presented the recommendation to approve the EWA FY23 Budget. He noted the Operating Budget is approximately \$19.5M and the Capital Budget is approximately \$27M. He noted the District's share is approximately \$2.3M for operating costs and \$4.2M for capital costs.

Upon a motion duly made by Director Omsted, seconded by Director Brown, and unanimously carried, the Board of Directors adopted Resolution No. 2369 - Approving the Recommended Encina Wastewater Authority Fiscal Year 2023 (FY23) Operating and Capital Budgets by the following vote:

Director	Vote
President Hanson	Yes
Vice President Sullivan	Yes
Director Brown	Yes
Director Roesink	Yes
Director Omsted	Yes

INFORMATION ITEMS

16. Project Status Updates and Other Informational Reports

A. Financial Updates.

DFA Green introduced the item noting it was reviewed by the Investment and Finance Committee at its April 25th meeting. DFA Green explained the purpose of the Financial Plan. He stated that LWD updates its Financial Plan every 5 years because financial conditions and assumptions change over time. He noted that the most recent Financial Plan Update was completed in 2018 and staff does an internal update of the Financial Plan on an annual basis to see how actual results are tracking with the original projections.

DFA Green stated the financial plan model looks out over 20 years. He then provided an overview on the following topics.

- Key Assumptions;
- Comparison of projected and actual revenues and expenditures;
- Comparison of projected and updated reserve balances;
- Monthly Sewer Service Rate Comparison; and
- Updated reserve balances with EWA's latest figures through FY37

DFA Green concluded that the District's finances remain strong, while maintaining low rates, and the District is tracking well with the Financial Plan. DFA Green also noted that the largest concern is the Encina Wastewater Authority's future capital plan and staff will continue to monitor LWD's finances closely.

Vice President Sullivan asked if the updated reserve balances for the EWA projection assumes that EWA is making recycled water with no outside funding. DFA Green answered that the projection does not include a pure water project or the costs associated with such a project. GM Bushee noted that no potable reuse project is factored into these figures.

Director Brown asked when the next sewer rate schedule is up for discussion. GM Bushee answered most likely around April of 2023.

Vice President Sullivan asked GM Bushee if LWD's budget questions regarding the EWA Budget are answered at the EWA MAM Meetings. GM Bushee answered affirmatively.

Director Roesink asked if the 3% inflation rate used in the Financial Plan's capital improvement projections could actually be higher than anticipated due to the rising costs of materials. DFA Green answered that 3% was the initial assumption in the 2018 Financial Plan and GM Bushee noted that it would be adjusted and increased in the next Financial Plan.

Director Roesink asked the age of the EWA Plant. GM Bushee answered it is about 60 years old.

DFA Green introduced the next item and provided background information on the actuarial valuation of LWD's Pension Plan. He stated that CalPERS publishes two actuarial reports in August every year for LWD: one report is for Classic members (employees hired before Jan. 1, 2013) and the other is for PEPRAs members (employees hired after Jan. 1, 2013).

DFA Green presented an overview of the recent actuarial valuation and the following topics:

- Pension Updates;
- UAL (Unfunded Accrued Liability) Background;
- Pension Assets, Liabilities, and UAL;
- UAL Balance; and
- Actual and Projected Employer PERS Contribution by Cost Category

Director Roesink asked if Encina has it's own, separate UAL. GM Bushee answered affirmatively.

Lastly, DFA Green provided background information on the actuarial valuation of LWD's Retiree Health Program. He stated that in August 2021, LWD staff contracted with Nyhart Company to perform the required actuarial valuation for June 30, 2022 (measured at June 30, 2021).

DFA Green presented an overview of the recent actuarial valuation. He noted that the District's Net OPEB Liability is actually a Net OPEB Asset of \$246,761 and the District's Plan Fiduciary Net Position investments managed by the California Employees' Retiree Benefit Trust (CERBT) were greater than the District's OPEB liability.

These items were for informational purposes and no action was taken.

B. 2022 Annual Employee Luncheon is scheduled for July 14, 2022.

EA Baity announced the date and time of the Annual Employee Luncheon.

17. Directors' Meetings and Conference Reports

None.

18. General Manager's Report

GM Bushee reported on the following:

- Staff and Board Pizza Luncheon in recognition of receiving the CWEA State Award is scheduled for May 25, 2022; and

- Continuation of District meetings virtually for June 2022

19. General Counsel's Report

GC Brechtel reported on the following:

- Assembly Bill 1944 – is still going through legislation

20. Board of Directors' Comments

Vice President Sullivan apologized for being late to the meeting.

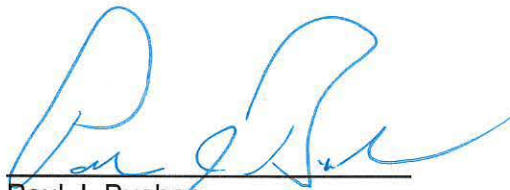
Director Roesink asked if there is a virtual tour of EWA. GM Bushee stated he would ask EWA and get back to him.

Director Brown asked if anyone attended the San Dieguito Water District Centennial Anniversary. The Board members stated they did not attend.

Director Roesink asked if the Proofpoint quarantine emails can be sent weekly instead of daily. DTS Morishita stated he would ask DataNet and get back to him.

21. Adjournment

President Hanson adjourned the meeting at 6:26 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)



Judy Hanson, President