

LEUCADIA WASTEWATER DISTRICT
Minutes of an Investment & Finance Committee Meeting
July 5, 2022

A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Tuesday, July 5, 2022 at 1:30 pm. via video conference.

1. Call to Order

Chairperson Brown called the meeting to order at 1:28 p.m.

2. Roll Call

DIRECTORS PRESENT: Brown and Omsted

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, Director of Finance and Administration Ryan Green, Administrative Services Supervisor Trisha Hill, Executive Assistant Tianne Baity, and Garden Duran with Rogers, Anderson, Malody & Scott, LLP (RAMS)

3. Public Comment

No public comment was received.

4. New Business

A. Audit Entrance Meeting with Rogers, Anderson, Malody & Scott, LLP.

DFA Green presented the item and introduced Garden Duran, Engagement Manager with Rogers, Anderson, Malody & Scott, LLP (RAMS). Ms. Duran provided an overview of the audit process. She noted that the SAS 114 planning letter was sent to the Board of Directors indicating that the audit process has begun, along with the auditor's responsibilities.

Chairperson Brown asked if there is anything unique or different about LWD versus other agencies. Ms. Duran stated that LWD's hiring process is different from other agencies but it is very thorough and is working well for the District. Chairperson Brown also asked what are the biggest challenges for LWD. Ms. Duran stated that changes within management and keeping internal controls in place are the biggest challenges but she noted that LWD is doing a good job in both these areas.

Ms. Duran then reviewed the audit timeline. DFA Green noted that the final phase of the audit will begin August 2022.

The IFC thanked Ms. Duran. No action was taken on this item.

B. Revised Procurement Policy - Adopt Resolution No. 2376 approving LWD's revised Procurement Policy.

DFA Green presented the item and provided background information on the Procurement Policy noting it was most recently updated in 2021. He stated that staff has reviewed the policy and is recommending the following changes:

- Replacing the requirement to publish public notices inviting bids, proposals, or qualifications "in a newspaper of general circulation at least 10 days prior to the bid opening date" with a requirement to publish public notices inviting bids "in a relevant

professional journal, publication, newspaper of general circulation and/or the District's website at least once, ten (10) days prior to the bid opening date to attract a sufficient number of qualified firms."

DFA Green stated there are also minor administrative changes to formatting and grammar.

Following discussion, the IFC agreed with staff to recommend that the Board adopt Resolution No. 2376 and the revised Procurement Policy.

- C. Revised Investment Policy – Redelegate authority to manage LWD's investment program to the General Manager effective September 1, 2022 through August 31, 2023, and adopt Resolution No. 2375 approving LWD's revised Investment Policy.

DFA Green presented the item and provided background information on the Investment Policy noting it was most recently updated in 2021. He noted that staff recently reviewed the Policy to determine if any amendments are warranted. DFA Green then reviewed the following changes to the Investment Policy:

- Section 8.2 "Permitted investments" – including registered treasury notes or bonds of any of the other 49 states outside of California (Other 49 States Debt). This type of investment is permissible under the California government code and would be an additional option to consider when diversifying the LWD's investment portfolio.
- Section 8.2 "Permitted investments" – removing Repurchase Agreements as a permissible investment type. While these investments are allowable under the California government code and provide LWD with another option for diversification, the complexities and limitations are such that staff has no intention to invest in these types of assets.
- Minor administrative changes such as formatting and grammar.

Chairperson Brown asked in regards to Other 49 States Debt, why would LWD invest in other states debt instead of our own. GM Bushee stated that this asset class would give LWD another viable option that could potentially bring a higher yield.

Chairperson Brown suggested limiting Other 49 States Debt to 5% of LWD's portfolio. Director Omsted agreed with Director Brown. Staff stated they could make this change.

Following discussion, the IFC agreed with staff to recommend that Board of Directors redelegate authority to manage LWD's investment program to the General Manager effective September 1, 2022 through August 31, 2023, and adopt Resolution No. 2375 amending LWD's Investment Policy with suggested IFC amendments.

5. Information Items

None.

6. Directors' Comments

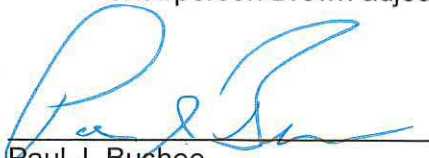
Chairperson Brown asked if the new Alila Marea Hotel project addition will affect the finances of the District. GM Bushee stated that the District would receive additional capacity and service fees for the project and that the District has sufficient capacity to accomplish the project.

7. General Manager's Comments

None.

8. Adjournment

Chairperson Brown adjourned the meeting at 2:09 p.m.



Paul J. Bushee
Secretary/General Manager
(Seal)