

LEUCADIA WASTEWATER DISTRICT
Minutes of a Special Board Meeting
April 22, 2008

A special meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Tuesday, April 22, 2008 at 8:00 a.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 8:00 a.m.

2. Roll Call

DIRECTORS PRESENT: Sullivan, Kulchin, Hanson, and Omsted
DIRECTORS ABSENT: Juliussen
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 Miranda, Richard Duffey with Brownell and Duffey, District Engineer Steve Deering, Bob Quaid and Brian Jewett with MuniFinancial.

3. Pledge of Allegiance

4. Approval of Agenda

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

5. Public Comment

There was no public comment.

6. Financial Plan Update

- A. Review and discuss various financial models that the Leucadia Wastewater District (LWD) could use to meet its future financial obligations.

GM Bushee stated that the purpose of this meeting is to present the Board with various financial models that LWD could use to meet its future financial obligations. GM Bushee began by presenting of an overview of the 2004 Financial Plan. He indicated that since 2004, staff has updated the financial model each year to reflect actual expenses and revenues. Over this period, staff has observed a significant increase in capital project costs when compared to the projected costs in 2004. As a result, LWD's projected reserves could be substantially reduced at a rate faster than anticipated in the Plan. Therefore, to effectively plan for the increased capital costs, the FY 2008 Tactics & Action Plan included a goal to update the Financial Plan.

GM Bushee introduced Mr. Brian Jewett with MuniFinancial to present four financial models for future revenue needs of the District.

Mr. Jewett presented an overview of four financial models for the Board's consideration. The following models were presented:

- Wastewater Enterprise Model
 - Pay As You Go (includes 3 different rate and revenue scenarios)
 - Bond Financing
- Capacity Fee Model
- Recycled Water Enterprise Model

The Board of Directors discussed the presented options for LWD future revenue needs.

- B. Provide direction to staff and MuniFinancial in order to refine LWD's preferred approach for meeting its future financial obligations.

Following discussion, the Board of Directors provided direction to staff to continue with the "Pay as you go" policy for capital replacement and update the 2004 Financial Plan by using the 10% rate increase for a period of three years, beginning in FY 2008/2009. The following is a list of proposed wastewater rates for the upcoming three years:

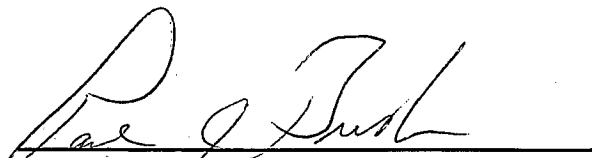
- \$17.78/month (\$213.40/EDU) in FY 2009
- \$19.56/month (\$234.74/EDU) in FY 2010
- \$21.52/month (\$258.21/EDU) in FY 2011

7. Information Items

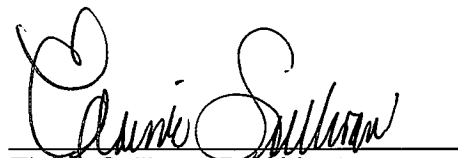
- A. CSDA San Diego Quarterly Meeting will be held at the Courtyard by Marriot in Kearny Mesa on Thursday, May 15, 2008 at 6:00 p.m.

8. Adjournment

President Sullivan adjourned the meeting at 9:30 a.m.



Paul J. Bushée
Secretary/General Manager
(SEAL)


Elaine Sullivan, President