

Engineering Committee Meeting Report

Presented by Director Kulchin

Meeting held September 2, 2010

1. The Committee reviewed staff's recommendation to purchase a 1 ton Chevrolet truck from Bob Stall Chevrolet.

The Committee agreed with staff to present this item to the Board of Directors for approval.

This item will be reviewed by the Board later in tonight's agenda.

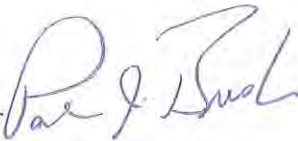
2. The Committee received an overview of the District's GIS system.

This item will be presented to the Board later in tonight's agenda.

3. The Committee also received an update on the Satellite Pump Stations, Force Mains, and Gravity Sewer Replacement Project and the Batiquitos Force Main Repair Project.

MEMORANDUM

Ref: 11-2611

DATE: September 2, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Geographic Information System Overview

RECOMMENDATION:

This item is presented for information purposes.

DISCUSSION:

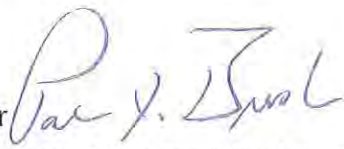
This item was reviewed by the Engineering Committee at its September 2, 2010 meeting. The Committee concurred with staff to bring this item forward for information only.

In 2003 staff purchased and installed a Geographic Information System (GIS) program called ArcGIS with ArcEditor. Through the ensuing years, the program has been populated with District's data, such as manhole and sewer pipeline locations. It has also been updated with enhancements which make the GIS a very powerful tool for the District.

At the meeting, Scott Humphrey from Infrastructure Engineering Corporation (IEC) will present an overview of GIS capabilities to the Board of Directors.

rym:PJB

MEMORANDUM

Date: September 2, 2010
To: Board of Directors
From: Paul J. Bushee, General Manager 
Re: **Vehicle Purchase to Replace One (1) LWD 2001 Pickup Truck**

RECOMMENDATION:

Staff and the Engineering Committee requests that the Board of Directors:

1. Authorize the General Manager to execute a Purchase Order with Bob Stall Chevrolet, in an amount of \$39,633.13 for the purchase of one (1) 2010 Chevrolet Pickup Truck (1 ton) to replace one similarly equipped District truck.
2. Discuss and take other action, as appropriate.

DISCUSSION:

This item was reviewed by the Engineering Committee at its September 2, 2010 meeting. The Committee concurred with staff to bring this item forward for consideration.

The Leucadia Wastewater District maintains a fleet of 14 vehicles used in the operation and maintenance of its Collection System. Staff has developed written guidelines for the systematic and prudent replacement of District vehicles.

In accordance with these guidelines, staff attempted to procure a replacement truck during Fiscal Year 2010, but 2010 model 1-ton trucks were not available locally at that time. In February 2010, staff informed the Board of Directors that it would re-bid the vehicle in Fiscal Year 2011 (FY 11). The trucks are now available as 2011 models.

Staff has solicited "sealed bids" for a 1-ton diesel pickup truck from four San Diego County Chevrolet/GMC dealerships. The bids were due on August 31, 2010 and the following three bids were received and reviewed:

- | | |
|------------------------|-------------|
| 1. Bob Stall Chevrolet | \$39,633.13 |
| 2. Quality Chevrolet | \$40,720.33 |
| 3. Lake Chevrolet | \$45,831.63 |

Staff is determined that Bob Stall Chevrolet is the lowest responsive bidder and authorize the General Manager to execute a Purchase Order with Bob Stall Chevrolet, in an amount of \$39,633.13 for the purchase of one (1) 2010 Chevrolet Pickup Truck (1 ton).

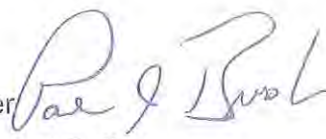
FISCAL IMPACT:

The FY 11 Capital Acquisition Budget includes sufficient funding for the purchase of this replacement pickup truck.

Is:PJB

MEMORANDUM

Ref: 11-2601

DATE: September 2, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Annual Review of LWD Investment Policy

RECOMMENDATION:

Staff and the Investment and Finance Committee (IFC) recommend that the Board of Directors:

1. Re-delegate authority to manage LWD's investment program to the General Manager effective September 1, 2010 through August 31, 2011.
2. Adopt Resolution No. 2211 amending the LWD Investment Policy.
3. Discuss and take other action, as appropriate.

DISCUSSION:

In September 2004, the Board of Directors (Board) adopted Leucadia Wastewater District's (LWD) Investment Policy. It was amended in September 2006 with minor revisions.

The LWD Investment Policy establishes guidelines to ensure investments are in compliance with state and federal regulations. It also establishes the types of investment vehicles LWD can use, defined by the target rate of return on investments and the maximum percentages of investments in any one vehicle. Additionally, the Investment Policy requires that the Board of Directors review the policy annually and delegate authority to manage the investment program. In the past, this authority has been delegated to the General Manager.

Staff and the IFC reviewed this item at their August 26, 2010 meeting. Based on this review, the following revisions are proposed:

Section 2.0 Scope

The cash management system is designed with the intent of maximizing safety and liquidity of the District's financial assets. However, due to the specific nature of some funds with alternate goals, this policy may not apply to certain funds. The changes to Section 2.0 identify the funds that are not governed by this policy.

Section 5.0 Delegation of Authority

The recommended change in this section adds language that specifically allows an SEC-registered investment advisor to assist the General Manager in the management of the investment program.

Section 7.0 Authorized Financial Dealers and Institutions

This section delineates procedures to identify financial institutions and security brokers/dealers authorized to provide investment services to LWD. The current language is broad and confusing. The proposed language more clearly identifies the required procedures to be accomplished by LWD or investment managers acting on LWD's behalf.

Section 8.0 Authorized and Suitable Investments

Section 8.1

- The current policy does not identify the maximum maturity limit of all investments. The proposed change identifies the maximum limit of all investments as five years unless it is set forth by a specific investment vehicle, the California Code or LWD's Board of Directors.
- The proposed change limits the purchase of certain securities to those rated at least A- or equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO).
- Certificates of Deposit and other bank deposits are not treated as investments in the California Code and as such do not need to be listed in this policy. However, to avoid ambiguity, they are identified as permitted investments.

Section 10.0 Safekeeping and Custody

While "delivery-versus-payment" should be used for security transitions whenever possible, certain routine security transitions used by the District (LAIF, CAMP, San Diego Investment Pool or money market funds) are not handled in this manner. The change to Section 10.0 identifies these exceptions.

Section 13.0 Performance Standards

This section indicates that the General Manager shall select a benchmark to determine whether market yields are being achieved. However, it does not identify the benchmark used. The proposed change identifies the Local Agency Investment Fund (LAIF) as the benchmark used and directs the General Manager to review the selected benchmark on an annual basis.

Section 14.0 Reporting

Government Code Section 53607, which permits investment authority to be delegated by the board, requires that when authority is delegated, the board must be given a monthly list of transactions. This change clarifies that investment transactions shall be included in the investment summary provided to the Board of Directors.

CONCLUSION:

Proposed Resolution No. 2211 with the Amended Investment Policy attached as Exhibit "A" is provided for your review (Attachment 1). The Amended Investment Policy is shown in strikeout format for your convenience. Staff will provide a brief overview of the Policy at the upcoming meeting.

Staff and the IFC recommend that the Board of Directors: 1) re-delegate authority to manage LWD's investment program to the General Manager for the period September 1, 2010 through August 31, 2011; 2) adopt Resolution No. 2211; and 3) discuss and take other action as appropriate.

cal:PJB

Attachment

RESOLUTION NO. 2211

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF LEUCADIA WASTEWATER DISTRICT
AMENDING THE INVESTMENT POLICY**

WHEREAS, the Board of Directors of Leucadia Wastewater District (LWD) approved Resolution No. 2169 on September 13, 2006 adopting the District's Investment Policy; and

WHEREAS, the Policy requires an annual review by the Board of Directors; and

WHEREAS, the Board of Directors desire to modify the Investment Policy;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Leucadia Wastewater District does hereby rescind Resolution No. 2169 and hereby approves in its place and stead the Amended Investment Policy attached hereto as Exhibit "A".

PASSED AND ADOPTED by the Board of Directors at a meeting of the Leucadia Wastewater District held September 8, 2010 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Allan Juliussen, President

ATTEST:

Paul J. Bushee, Secretary/Manager

(SEAL)

Attachment 1

LEUCADIA WASTEWATER DISTRICT

RESOLUTION NO. 2211

EXHIBIT “A”

LWD INVESTMENT POLICY



LEADERS IN
ENVIRONMENTAL
PROTECTION

LEUCADIA WASTEWATER DISTRICT INVESTMENT POLICY

Ref: [07-080311-2595](#)

1.0 Purpose:

This policy is intended to establish guidelines for the prudent investment of the Leucadia Wastewater District's available funds and outline the policies for safe and prudent management of District funds without sacrificing safety or liquidity. It is also intended that the Board of Directors review this policy annually.

It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state statutes governing the investment of public funds.

2.0 Scope:

The District's cash management system is designed to accurately monitor and forecast expenditures and revenues, enabling the District to invest funds to the fullest extent possible. All funds will be invested with the intent of maximizing safety and liquidity. This policy applies to all financial assets of the District, which are accounted for in the District's Audited Annual Financial Report with the exception of the following funds:

- A. The District's other post employment benefits funds.
- B. The District's deferred compensation funds.
- C. The proceeds of any debt issued by the District, and
- D. The District's operational funds with an approved depository.—Cash management is the responsibility of the General Manager.

3.0 Prudence:

The District operates its temporary pool of cash investments under the *Prudent Investor Standard*, Government Code Section 53600.3, which states:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as

part of an overall strategy, investments may be acquired as authorized by law.”

Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The District may invest in a variety of vehicles provided the investment is allowable under current legislation of the State of California, permitted by this policy and complies with the aforementioned Prudent Investor Standard.

4.0 Objective:

The primary objectives, in priority order, of the District’s investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.

4.2 Liquidity: The District’s investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that might reasonably be anticipated.

4.3 Return on Investments: The District’s investment portfolio shall be designed with the objective of attaining a market average rate of return throughout budgetary and economic cycles, commensurate with the District’s investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

Authority to manage the District’s investment program is derived from the Board of Directors. Management responsibility for the investment program is hereby delegated to the General Manager for a one-year period. Subject to review, the Board of Directors may renew the delegation of the authority pursuant to this section each year. The General Manager, through approval of this policy, has established written procedures for the operation of the investment program. No person may engage in an investment transaction except as provided under the terms of this policy and other procedures consistent with this policy that may be established by the General Manager. The General Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. As authorized by the Board of Directors, an SEC-registered investment advisor may be utilized to assist with the District’s investment program under the direction of the General Manager. The investment advisor shall follow this investment policy and such other written instructions as are provided.

6.0 Ethics and Conflicts of Interests:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall

disclose to the General Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the District's portfolio. The General Manager shall make a like disclosure to the Board of Directors. Employees and officers shall subordinate their personal investment transactions to those of the District, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions:

~~For investment transactions initiated through an investment manager, the investment manager may use their own list of approved broker/dealers and financial institutions, which it will maintain and review periodically.~~

~~The General Manager shall maintain a list of financial dealers and institutions authorized for investment transactions. Direct investments made by the District in LAIF, CAMP and the San Diego County pool are exempt from these requirements. Before adding a financial institution to the approved list, the General Manager shall review the entity's credit worthiness, credit characteristics, and financial history. Annually, financial dealers and institutions doing business with the District shall submit their most recent report on financial condition and certified that they have read the District's Investment policy. Securities dealers utilized by the District must be members of a federally regulated securities exchange. For all other investment transactions, Tthe District will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved and/or security broker/dealers, selected by credit worthiness, who are authorized to provide investment services in the State of California to LWD. Theseis list may include primary dealers, or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No pPublic deposits shall be made onlyexcept in a qualified public depository as established by state laws.~~

~~With the exception of Investment Pools and Money Market Mutual Funds as identified in Section 9 of this policy, Aall financial institutions and broker/dealers providing for investment transactions for LWD must supply the District with the following: audited financial statements, proof of National Association of Security Dealers certification, trading resolution, proof of state/province registration, complete broker/dealer questionnaire, certificate of having read entity's Investment Policy and depository contracts, as applicable.~~

~~An annual review of the financial condition and registrations of qualified financial institutions and broker/dealers who provide investment transactions for LWD will be conducted by the District. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which LWD invests unless these investments are initiated through an investment manager. For transactions initiated by an investment manager, the investment manager will conduct appropriate periodic reviews. For investment transactions initiated through an investment manager, the investment manager may use their own list of approved broker/dealers and financial institutions, which it will maintain and review periodically.~~

~~For transactions initiated through an investment manager, the investment manager may use their own list of approved broker/dealers and financial institutions, which it will maintain and review periodically.~~

8.0 Authorized and Suitable Investments:

8.1 All investments shall be made in accordance with Sections 53600 *et seq.* of the Government Code of California and described within the Investment Policy. In the event an apparent discrepancy is found between this policy and the Government Code, the more restrictive parameters will take precedence. The maximum maturity of individual investments shall not exceed the limits set forth below or in the California Government Code. Where no maturity limit is stated, no investment shall exceed a maturity of five years from the date of purchase unless the Board of Directors has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

Permitted investments under the Investment Policy shall include:

-U.S. Treasury Instruments. United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States is pledged for payment of principal and interest.

Federal Agency and Instrumentality Securities. Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

State of California and Local Debt. Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Purchases are limited to securities rated at least "A-" or equivalent, by a Nationally Recognized Statistical Rating Organization ("NRSRO").

Bonds issued by Leucadia Wastewater District. Bonds issued by the ~~local agency~~District, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the ~~local agency~~District or by a department, board, agency or authority of the ~~local agency~~District.

Medium-Term Notes. Medium-term corporate notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Purchases are limited to securities rated at least "A-" or equivalent, by a NRSRO. Medium-term notes shall be rated "A" or higher by Moody's Investors Service, Inc. and Standard & Poor's Corporation.

Bankers Acceptances. Purchases of bankers acceptances may not exceed 180 days' maturity. Purchases are limited to issuers with senior debt ratings of at least "A-" or equivalent, by a NRSRO.

Commercial Paper. The entity that issues the commercial paper shall have met either of

~~the following criteria~~~~meet two sets of criteria~~: (1) The corporation shall be organized and operating within the United States, shall have total assets in excess of five hundred million dollars (\$500,000,000), and shall issue debt, other than commercial paper, if any, that is rated "A" or higher by a ~~nationally recognized statistical rating organization~~NRSRO; or (2) The corporation shall be organized within the United States as a special purpose corporation, trust, or limited liability company, has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; has commercial paper that is rated "A-1" or higher, or equivalent by a ~~nationally recognized statistical rating organization~~NRSRO. Eligible commercial paper may not exceed 270 days' maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

~~Certificates of Deposit. Time Certificates of Deposit (CDs) placed with commercial banks and savings and loans. For deposits in excess of the insured maximum of \$100,000, approved collateral will be required. CDs may not exceed one (1) year in maturity. The purchase of CDs from out-of-state banks or savings and loans is prohibited. The District shall have a signed agreement with the depository per California Government Code Bank Deposits. FDIC insured or collateralized bank deposits, including, without limitation, savings accounts, market rate accounts, and certificates of deposits in financial institutions located in California. No deposit of public funds shall be made except in a qualified public depository as established by state laws and the requirements of the California Government Code. Bank deposits are required to be collateralized as specified under the California Government Code Section 53630 et. seq. The General Manager may waive collateral for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds per California Government Code Section 53649.~~

~~Placement Service Certificates of Deposit. Certificates of deposit placed through a deposit placement service. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance.~~

~~Negotiable Certificates of Deposit. Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal association or by a state-licensed branch of a foreign bank.~~

~~Repurchase Agreements. Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The District may enter into repurchase agreements with primary government securities dealers/financial institutions rated "A" or better by two nationally recognized rating services/NRSROs. Counterparties should also have (i) a short-term credit rating of at least "A-1" or equivalent, by a NRSRO/P4; (ii) minimum assets and capitalized size of \$25 billion in assets and \$350 million in capital; (iii) five (5) years of acceptable audited financial results; and (iv) a strong reputation among market participants.~~

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the District's custodian bank versus payment

or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed 102 percent of total dollar value of the money invested by the District for the term of the investment. Since the market value underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day. For any repurchase agreement with a term of more than one day, the value of the underlying securities must be reviewed on an on-going basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.

The District or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The District shall have properly executed a PSA-master repurchase agreement with each counterparty with which it enters into repurchase agreements.

Money Market Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 and following). The company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations NRSROs. (B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

State of California Local Agency Investment Fund (LAIF). If the District has funds invested in LAIF, the District shall maintain on file LAIF's current investment policy and its requirements for participation, including limitations on deposits or withdrawals.

California Asset Management Program (CAMP) Pool. California Asset Management Trust a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California. If the District has funds invested in CAMP, the District shall maintain on file CAMP's disclosure statement listing its investment policy and its requirements for participation, including limitations on deposits or withdrawals.

San Diego County Treasurer's Pooled Money Fund. Local government investment pool managed by the San Diego County Treasurer's Tax Collector. If the District has funds invested in San Diego County Pool, the District shall maintain on file the San Diego County Treasurer's Pooled Money Fund Investment Policy and its requirements for participation, including limitations on deposits or withdrawals.

8.2 Socially Responsible Investing

For specific investment vehicles within the criteria of the Prudent Investor Standard the following Socially Responsible Investment criteria shall be applied to the following investments:

For bonds issued by other government agencies, the following preferences apply:

1. Geographic preference is given to agencies within this county and then to issues within the state.
2. Preference is given to projects dealing with reclamation, water, sewer, air quality, waste recycling and environmental protection.

For corporate securities such as five-year corporate notes and commercial paper, the following preferences apply:

1. Investments with corporations without documented unfavorable environmental records as demonstrated by a due diligent review of required annual Securities and Exchange Commission Reports indicating no documented environmental actions have been taken against the company.

9.0 Investment Pools/Money Market Mutual Funds:

A thorough investigation of the pool/fund is required prior to investing, and monitoring is required on a continual basis. District staff will annually perform due diligence analysis of the pool/fund based on a standardized questionnaire developed to address investment policy and practices.

10.0 Safekeeping and Custody:

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the General Manager and evidenced by safekeeping receipts with a written custodial agreement. The securities will be held directly in the name of the District as beneficiary. The only exception to the foregoing shall be: (i) bank deposits, (ii) placement service certificates of deposit, (iii) LAIF, CAMP and the San Diego County Treasurer's Pool, and (iv) money market mutual funds, since these investments are not deliverable. Evidence of each of these investments will be held by the District.

11.0 Diversification:

The District will diversify its investments by security type, institution, and maturities to prevent incurring unreasonable or avoidable risks regarding specific security types, individual financial institutions or maturity segments.

District funds may be invested in accordance with the following table, which summarizes the allowable allocation of investments by percentage of total funds invested. Percentage holding limits listed below apply at the time the security is purchased.

Allowable Allocation of Investments

Authorized Investment	%
US Treasury Instruments	75%
Federal Agency and Instrumentality Securities	75%
State of California and Local Debt	10%

Bonds Issued by Leucadia Wastewater District	10%
Medium-Term Corporate Notes	10%
Bankers Acceptances	10%
Commercial Paper	10%
Certificates of Deposit Bank Deposits	10% 5025%
Negotiable Certificates of Deposit	10%
Repurchase Agreements	10%
Money Market Funds	10%
State of California Local Agency Investment Pool (LAIF)	75%
California Asset Management Program (CAMP)	75%
San Diego County Treasurer's Pooled Money Fund (SD County Pool)	75%

12.0 Internal Control:

The General Manager has established a system of internal controls to ensure compliance with the Investment Policy of the District and the California Government Code. The internal control procedures include segregation of duties in the different phases of an investment transaction, monthly reconciliation of the investment report to the general ledger, and annual policy compliance reviews. An independent audit is conducted by the District's outside auditors, which includes a compliance review of the District's investment activities to the District's Investment Policy, the California Government Code, and Government Accounting Standard Board (GASB) requirements regarding investment disclosures.

13.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The District's investment strategy is passive. Given this strategy, the General Manager has selected LAIF shall select as the benchmark to determine whether market yields are being achieved. The General Manager shall review the selected benchmark on an annual basis.

14.0 Reporting:


The General Manager shall submit to each member of the Board of Directors, on a monthly basis, an investment summary, describing the types of investment transactions, investments held, original costs, and average rates of return. As encouraged by Government Code 53646 (b) (1), the General Manager shall prepare a quarterly investment report. The report shall include a complete description of the portfolio; the type of investments, the issuers, maturity dates, interest rates, par values, cost and the current market values of each component of the portfolio. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, and (2) the District will meet its expenditure obligations for the next six months, or provide an explanation as to why money shall, or may, not be available. The General Manager shall maintain a complete and timely record of all investment transactions.

15.0 Credit Rating Changes:

MEMORANDUM

Ref: 11-2602

DATE: September 2, 2010
TO: Board of Directors
FROM: Paul J. Bushee, General Manager
SUBJECT: State Water Reclamation Loan



RECOMMENDATION:

Staff and the Investment and Finance Committee (IFC) recommend that the Board of Directors:

1. Authorize the General Manager to exercise an early redemption option on the water reclamation loan, and
2. Discuss and take other action, as appropriate.

DISCUSSION:

This item was discussed at the IFC's August 26, 2010 meeting.

On April 1, 1993, the District entered into a contract with the California Water Resources Control Board to provide a loan for design and construction of the Gafner Water Reclamation Project. The State Board loaned LWD \$835,000 at a 3.0% per annum interest rate accruing as of the date of disbursement. The annual loan payment of approximately \$58,000 is funded entirely from recycled water sales revenue generated by the Gafner plant and purchased by the City of Carlsbad under a water sales contract. As of June 30, 2010, the principal balance was \$173,130.

The Water Resources Control Board loan is to be repaid in full no later than January 31, 2014. However, the District has the option to pay-off the remaining loan amount without incurring penalties. Because interest on investments is at or near all-time lows, the District could incur savings by redeeming the Water Resources Control Board loan early.

FISCAL IMPACT:

For FY 2011, LWD will pay approximately \$58,000 in principal and interest for this loan. Of this amount, approximately \$53,000 goes to principal and \$5,000 goes to interest. If the loan is paid off during October 2010, a net interest savings of approximately \$6,000 - \$7,000 could be realized over the next 3.5 years.

In view of the potential savings, staff and the IFC recommend that the Board of Directors authorize the General Manager to exercise an early redemption option on the water reclamation loan.

cal:PJB

The North County Times - Californian

ENCINITAS: A look at the candidates in the Encinitas school board race

By STACY BRANDT - sbrandt@nctimes.com | Posted: Saturday, August 28, 2010 8:50 pm

The Encinitas Union School District board of trustees will have at least two new members next year, regardless of who wins in the Nov. 2 election.

Three seats are up for grabs, with two incumbents choosing not to run again. Eight people will be on the ballot, including parents, retired educators and an existing board member.

The winners will serve four-year terms on the five-member board.

Also on the ballot in November will be a proposition asking voters to approve \$44 million dollars in borrowing to pay for renovation and construction work. That measure will require at least 55 percent of the vote to pass.

Though the candidates come from different backgrounds, they all said they want to work to do what's best for students in the district, which serves 5,500 students in nine schools in Encinitas and southern Carlsbad.

The candidates:

Emily Andrade

When Emily Andrade retired in September after 37 years as an educator, she knew she wanted to stay involved with schools in the community, she said.

"This is where I live, and this is where my heart is," she said. "I really have a passion for children, and I have a passion for their education."

Andrade, 62, worked for Encinitas Union for 17 years, before leaving the district for a job as an assistant superintendent in Santee. While in Encinitas, she serving as principal at Capri Elementary, Olivenhain Pioneer Elementary and La Costa Heights.

She said her goal is to work as an advocate for children, regardless of their background or education level. Part of that is preparing all students with the skills needed to succeed in their future schools and careers, she said.

Cindy Gray

Cindy Gray said she decided to try for a seat on the board largely because she thinks there should be more representative from active parents in the community. She's running with two other parents, Bill McCorkle and Shira Martorana.

"Rather than be part of the problem and just complain about it, I'd rather be part of the solution," she said. "I want to make sure that the needs of the classrooms are met."

Only one of the current board members ---- Maureen Muir ---- has a child now in a district school, though they all have in the past.

Gray, 39, has been involved for five years at Carpi Elementary, where her two daughters attend. She has also worked along with McCorkle and Martorana at the Encinitas Educational Foundation.

The stay-at-home mom and former financial worker said she wants to ensure that nobody in the district is wasteful so there will be enough money and supplies for teachers and students.

Allan Juliussen

For Allan Juliussen, the main motivation in running was to try to ensure that the three open seats would be filled by qualified candidates who would continue the direction the board has taken in recent years, he said.

"The board has done a very good job over the years," he said, "and I just want to make sure that when those two members get

replaces, that we get a good board member."

Juliussen, 64, said he decided to run after he found out that two incumbents wouldn't be seeking re-election. He said he doesn't have any particular issues that he would want to address as a trustee.

Juliussen is a retired general contractor and Vietnam War veteran. He serves on the Leucadia Wastewater District board of trustees.

Saul Lisauskas

Saul Lisauskas, who owns Ace Locksmith, said he wanted to run for the position to improve the quality of education in Encinitas. He said he thinks too many students are spending time in school but not learning.

"My main concern is the effective use of school funds to better serve the student's (sic) education," he said in an e-mailed candidate statement to the North County Times. "It appears that in California, we spend a lot of money per child, but the resulting education (compared to other states) is not in line with the amount of money spent per student."

Lisauskas, 66, said he would only communicate with the newspaper via e-mail and didn't respond to a request to comment for this story.

Lisauskas is a former president of the North Coast Republican Party and founder of the Encinitas Citizens Brigade, an anti-illegal immigration group. He has refused to comment on whether he expects his stance on illegal immigration to affect the race or any decisions he would make if elected to the board.

Shira Martorana

Shira Martorana also said she wanted to run to bring an active parent's perspective to the board.

Martorana, 36, got involved in the school district six years ago when her first of two children entered kindergarten at La Costa Heights in Carlsbad. Since then, she has been very active with the school's parent-teacher group as well as the Encinitas Educational Foundation.

She co-owns a custom home-theater business with her husband.

She said she originally moved to the La Costa area because of the reputation of the schools there, but thinks things are changing.

"As a parent, I'd really like to see the students and teachers come first," she said. "It seems like there's a lot of administration-first going on."

Bill McCorkle

Bill McCorkle said he decided to try for a seat on the board to try to bring more financial accountability to the district.

"As a parent, I have the best interest of my kids at heart," he said, "so who better to give feedback on what the district should and shouldn't do."

McCorkle, 43, has a background in finance. He currently working as a chief financial officer at several companies, including Greene Properties, a commercial property investment and management firm.

He has children attending Flora Vista Elementary and works with the Encinitas Educational Foundation.

He said he would like to see local schools focus more on science.

Gregg Sonken

Gregg Sonken also said he'd like to bring a parent's perspective to the board, though his four kids have all already left the district.

Sonken, 57, said he thinks it's vital to have a good line of communication between parents and educators.

"I'd like to be the voice of the community," he said. "And I think I can do a good job."

He has lived in Encinitas for three decades, starting at a teacher and becoming a principal at Paul Ecke Central Elementary

in 1998. He retired recently as principal of Mission Estancia Elementary.

He said he's pleased with the current direction of the board and would like to see the district improve its use of technology in the classroom.

Marla Strich

After 12 years on the Encinitas school board, Marla Strich said she wants to stay on the panel to help keep the district moving in the same direction.

"I'm very proud of the job that we do for children here in Encinitas," she said, "and I want to continue to be part of that team."

Strich, 55, said she feels it's important for the board to continue moving toward updating curriculum and strategies to provide children with as up-to-date an education as possible by focusing on technology, teamwork and communication.

She worked at nonprofit agencies for 15 years before devoting her time to volunteering with various school and community groups.

Call staff writer Stacy Brandt at 760-901-4009.

From: Neil McCormick [neilm@csla.net]
Sent: Wednesday, September 01, 2010 4:48 PM
To: Chuck LeMay
Subject: Legislative Alert: CSLA Roundup on End of Legislative Session

If you are on a mobile device or want to view this as a web page, please [click here](#).
To ensure receipt of our email, [please add](#) 'CSLA@informz.net' to your address book.



Legislative Alert

A proud California Special Districts Alliance partner.

CSLA
Providing value for special districts.



CSLA Roundup on End of Legislative Session

The California Special Districts Association (CSLA) was on hand in the State Capitol, representing its members, as the two-year legislative session rushed to a conclusion at midnight yesterday. Below is a brief run-down of some of the key pieces of legislation acted upon during the bi-annual end-of-session marathon.

CSLA is pleased to report that each of the bills designated a "Priority 1 Oppose" by the CSLA Legislative Committee—AB 155, AB 2216 and SB 972—failed passage, or were amended to remove opposition. AB 155 and SB 972 also represent the two bills that members discussed with their legislators during CSLA's Special Districts Legislative Days, and the first two bills featured on CSLA's new [Grassroots Action Center](#). Districts' grassroots efforts make a difference!

For a full list of every bill tracked by CSLA, please visit the Legislative Access Services page at www.csla.net, accessible via the blue icon located on the right-hand side of the home page. There you can access full bill information, including letters of support and opposition submitted by CSLA. A more detailed legislative year-end report will be released at CSLA's Annual Conference, September 20-23.

AB 155: Municipal Bankruptcy (Opposed)—Failed Passage

This bill would have required local governments, including special districts, to either request approval from the California Debt and Investment Advisory Commission (CDIAC) or request a financial review by the State Auditor prior to filing for Chapter 9 bankruptcy protections. More information available on [CSLA's Grassroots Action Center](#).

AB 194: Pension Cap (Watch)—To Governor

This bill would establish a cap on the total salary that may be used to calculate a pension benefit. More information available on [CSLA's Transparency Resources](#) section.

AB 482: Credit Reports (Opposed Unless Amended)—To Governor

This bill would prohibit the use of credit reports for employment purposes unless "substantially job-related" or for a managerial, Department of Justice or sworn police officer position.

AB 827: Employment Contracts (Watch)—To Governor

This bill would prohibit any employment contract for an "excluded employee," as defined, from including (1) an automatic renewal, (2) an automatic increase in compensation in excess of a cost-of-living adjustment, or (3) an automatic increase in compensation linked to another contract. More information available on [CSLA's Transparency Resources](#) section.

AB 900: Refund of Overpaid Bell Property Taxes (Watch)—To Governor

This bill corrects the overpaid property taxes charged by the City of Bell to property owners. More information available

on [CSDA's Transparency Resources](#) section.

AB 1955: City Council Salaries & Brown Act Provisions (Watch)—Failed Passage

This bill would have created consequences to cities that pay higher salaries to their council members and would have required all local agencies subject to the Brown Act to adopt certain employment contracts in an open session and publicly post contract information five days prior to ratification. More information available on [CSDA's Transparency Resources](#) section.

AB 1987: Pension Spiking (Opposed Unless Amended)—To Governor

This bill would limit the items that may be used to calculate pension benefits for the 20 county retirement systems and would prohibit public employers from hiring retired annuitants unless they have taken a 180 day break in service.

AB 2036: Contract Documents (Amendments Sought)—Amended & To Governor

This bill would have required districts to provide free contract documents to all contractors free of charge. As amended, codifies standard practice whereby districts provide free electronic contract documents to contractor plan rooms upon request.

AB 2216: Five Percent Retention Cap (Opposed)—Failed Passage

Among other provisions, this bill would have capped contract proceed retentions at five percent. More information available on [CSDA's Grassroots Action Center](#).

AB 2064: State and Local Government Salary Disclosure (Watch)—Failed Passage

This bill would have required state and local public agencies to post the salaries of specified individuals on their official website, if the agency maintains a website, and to update the salary information on an annual basis. More information available on [CSDA's Transparency Resources](#) section.

AB 2669: Water Notifications (Opposed)—Failed Passage

This bill would have required water system public notices be written in English and in any language spoken by 10 percent or 1,000 people in the community served. The bill's author agreed to pull the legislation from consideration after an agreement was made with stakeholders to reach a mutually acceptable solution next year.

SB 501: Local Government Compensation Disclosure (Watch)—Failed Passage

This bill would have required any local official or employee who files a Form 700 Statement of Economic Interest, pursuant to Government Code Section 87200, to annually file a compensation disclosure form. More information available on [CSDA's Transparency Resources](#) section.

SB 722: Renewable Energy Regulation (Opposed Unless Amended)—Failed Passage

This bill would have placed new restrictions on energy production that would have reduced, rather than increased, access to renewable energy and led to higher energy costs.

SB 972: Contract Indemnity (Opposed/Neutral)—Amended & To Governor

This bill would have eliminated a district's ability to contract for indemnity by a design professional that included an immediate and up-front defense; it also would have removed a district's right to defend itself against claims that involve a design professional. As amended, this bill clarifies existing law which limits districts' indemnity agreements with design professionals to claims that are related to the work of the design professional. More information available on [CSDA's Grassroots Action Center](#).

SB 1398: Property Tax Allocations (Opposed)—Failed Passage

This bill would have significantly altered a consensus allocation formula established in 2006 and added a redevelopment agency as a recipient of the property tax from a new power facility.

SB 1425: Pension Spiking (Opposed Unless Amended)—To Governor

This bill would limit the items that may be used to calculate pension benefits for the California Public Employees' Retirement System and the California State Teachers' Retirement System and would prohibit public employers from hiring retired annuitants unless they have taken a 180 day break in service.

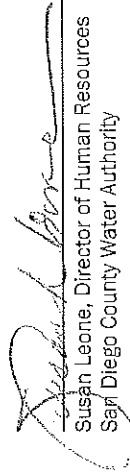
HOST AGENCY CERTIFICATE OF APPRECIATION

This certificate is awarded to

Leucadia Wastewater District

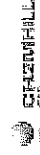
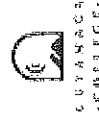
for participation in the

SAN DIEGO REGIONAL WATER / WASTEWATER INTERNSHIP PROGRAM


Susan Leone, Director of Human Resources
San Diego County Water Authority

June 24, 2010

Date



Paul Bushee

From: Ted Crosson [tcrosson@genoptix.com]
Sent: Thursday, August 26, 2010 11:16 AM
To: Paul Bushee
Cc: Frank Reynaga
Subject: Customer Service

Importance: High

Mr. Bushee,

My name is Ted Crosson and I reside at 2921 Segovia Way. I am living a nightmare right now with a sewer problem related to where my sewer connects to the street on my property. When we first started dealing with this, and the associated problems that go along with it, it was suggested that I call Leucadia Wastewater to see if there was any information or help you could provide. I must admit, my first thought when calling a city agency was not positive. Admittedly, I have never had to contact an agency such as yours for my residence and I immediately thought of horror stories that I have heard from other people in other cities when working with a city agency. I could not have been more wrong.

My contact with the city was Mr. Frank Reynaga. From the moment I was contacted he made me feel at ease and walked me through the process and what to expect. He has been more helpful than I ever could have hoped and has made me feel like I am his top priority, even though I am sure he is handling many issues. Mr. Reynaga has proactively contacted me several times when he had not heard from me (due to the plumbing company who has caused the nightmare) to make sure that I understand the process, to provide me with information, and to generally make sure that my wife and I are taken care of. He has gone out of his way to provide incredible service.

I too work in a customer service field and if I could foster the same positive and helpful attitude with the people that I work with that Mr. Reynaga has demonstrated, I would be on top of the world. I hope that you will pass my appreciation on to everyone at LWD. If I can provide any additional information, please do not hesitate to contact me.

Kindest regards,

Ted

(Please note new office number below)

Ted Crosson
Genoptix Medical Laboratory
Office: (760) 516-5151
Mobile: (858) 735-7775

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and contains information that is confidential and proprietary to Genoptix Medical Laboratory or its subsidiaries. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, immediately contact the sender by e-mail and destroy all copies of the original message.

Directors' Meetings

Presented by Directors Juliussen, Omsted, Sullivan, Kulchin, and
Hanson

Conference

2010 CASA Conference

Dates and Location

August 17-21, 2010

Monterey Marriot, Monterey, CA

List of Attendees

President Allan Juliussen

Vice President Don Omsted

Director Elaine Sullivan

Director Judy Hanson

Director David Kulchin

The above mentioned Board member attended various sessions
regarding water and wastewater issues.

Directors' Event

Presented by Directors Juliussen, Sullivan, Hanson, Kulchin

Event

2010 Carlsbad State of the City Address

Dates and Location

August 27, 2010

Park Hyatt Aviara Resort, Carlsbad, CA

List of Attendees

President Allan Juliussen

Director Elaine Sullivan

Director Judy Hanson

Director David Kulchin