

MEMORANDUM

Ref: 10-2191

DATE: September 3, 2009
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Underground Technologies (Plastic Manhole) Presentation

At last month's Board of Directors meeting, Vice President Juliussen noted that the District recently installed a plastic manhole, which is a new technology. There were several questions from the Board regarding the plastic manhole technology. As a result, the Board requested that it receive a presentation on this technology.

Staff has since contacted Underground Technologies, Inc, the manufacturer of the plastic manholes, and they have agreed to present an overview. Mr. Joe McRoskey, President of Underground Technologies, will be on-hand at the meeting to provide an overview of the plastic manhole technology.

PJB:

MEMORANDUM

Ref: 10-2193

DATE: September 3, 2009
 TO: Board of Directors
 FROM: Paul J. Bushee, General Manager 
 SUBJECT: Award of Contract to Sequoia Solar for the Design and Installation of Photovoltaic Panels at the District's Headquarters Site

RECOMMENDATION:

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

1. Authorize the General Manager to execute an Agreement with Sequoia Solar for the Design and Installation of Photovoltaic Panels at LWD's Headquarters Site in an amount not to exceed \$539,703 with an Estimated Net Cost After Performance Based Incentives of \$329,487.
2. Discuss and take other action as appropriate.

DISCUSSION:

This item was reviewed by the Engineering Committee at its September 3, 2009, meeting. The committee concurred with staff to recommend this item to the Board of Directors.

In November 2006, the Board authorized the installation of solar panels as part of the Site Improvement Project. The solar panels not only meet LWD's environmental objective of providing a green energy source, but also provide a cost effective source of power over the long-term. The planning called for solar panels to be installed on the Maintenance Building (200); the small vehicle storage building (300) and the larger vehicle storage building (400) as well as 2 carports. The estimated power production of the solar system was 100 kilowatts (kW).

In July, staff advertised a request for proposals for the design and installation of the solar panel system. The RFP was sent directly to several firms as well as advertised in the "San Diego Daily Transcript" and "FW Dodge". A pre-proposal meeting was held on August 13, 2009, at which, 4 firms attended. Proposals were received from the following 2 firms by the August 24th deadline:

<u>Company</u>	<u>Price Submitted</u>
1. Sequoia Solar	Design/Installation: \$539,703 Est. State Rebate: <u>\$210,216</u> Est. Net Cost: \$329,487
2. Solar City	Design/Installation: \$542,287 Est. State Rebate: <u>\$139,033</u> Est. Net Cost: \$403,254

Please note that under LWD's purchasing policy, the selection of the successful proposer is *not* based on cost alone. Factors such as completeness of proposal, related experience and overall value to LWD are key considerations in the selection process.

The proposals were reviewed by a team consisting of Michael Metts of Dudek, LWD Project Manager Robin Morishita and General Manager Paul Bushee. All three members rated Sequoia Solar's proposal as superior. Interviews were held with both firms on August 31, 2009. Based on the proposal and the interview, the team selected Sequoia Solar as the apparent successful firm based on their experience, their demonstrated knowledge of the LWD project, and the overall value of their services.

Both firms submitted pricing to purchase the solar systems. Solar City also submitted pricing for a power purchasing agreement (PPA). After reviewing this information in the proposal and the interview, the selection team was not left with a clear understanding of the PPA pricing scheme or the assumptions that went into it.

The selected firm, Sequoia Solar, is a local company headquartered in Solana Beach, CA. They have installed similar sized solar systems in Carlsbad and other companies in San Diego County (see attached). The proposed system would utilize solar panels manufactured by Kyocera and produce 98 kW. Also attached please find background information on the Kyocera Solar Panels.

Key components of Sequoia's proposal were:

- 5 years of maintenance and cleaning of solar panels included in the proposal price.
- Maximum response time of 72 hours for any problems within the warranty period.
- 10 year warranty for workmanship on the solar system installation.
- 10 year warranty on the inverter.
- 25 year warranty on the solar panels.

Pricing:

Under the terms of the agreement, LWD would purchase the services from Sequoia Solar at the price of \$539,703. The rebate from the California Solar Initiative would be \$0.32 per kWh paid monthly over a period of 5 years based on the total electricity produced by the solar panels. The estimated value of the CSI rebate is \$210,216 over the five year period which results in an estimated net cost of \$329,487 to LWD. The actual rebate will either be more or less depending on actual production.

The price of the solar systems has been reduced substantially since the Board first approved the use of solar panels for the project in 2006. At that time, the purchase price of the solar units was \$835,000 with the estimated rebate of \$414,600 and an estimate net cost to LWD of \$420,400.

FISCAL IMPACT:

The Capital Improvement Budget for Site Improvement Project included an appropriation of approximately \$850,000 for the purchase of the solar units. Therefore, there is sufficient funding in the Site Improvement Project budget for the purchase and installation of the solar units.

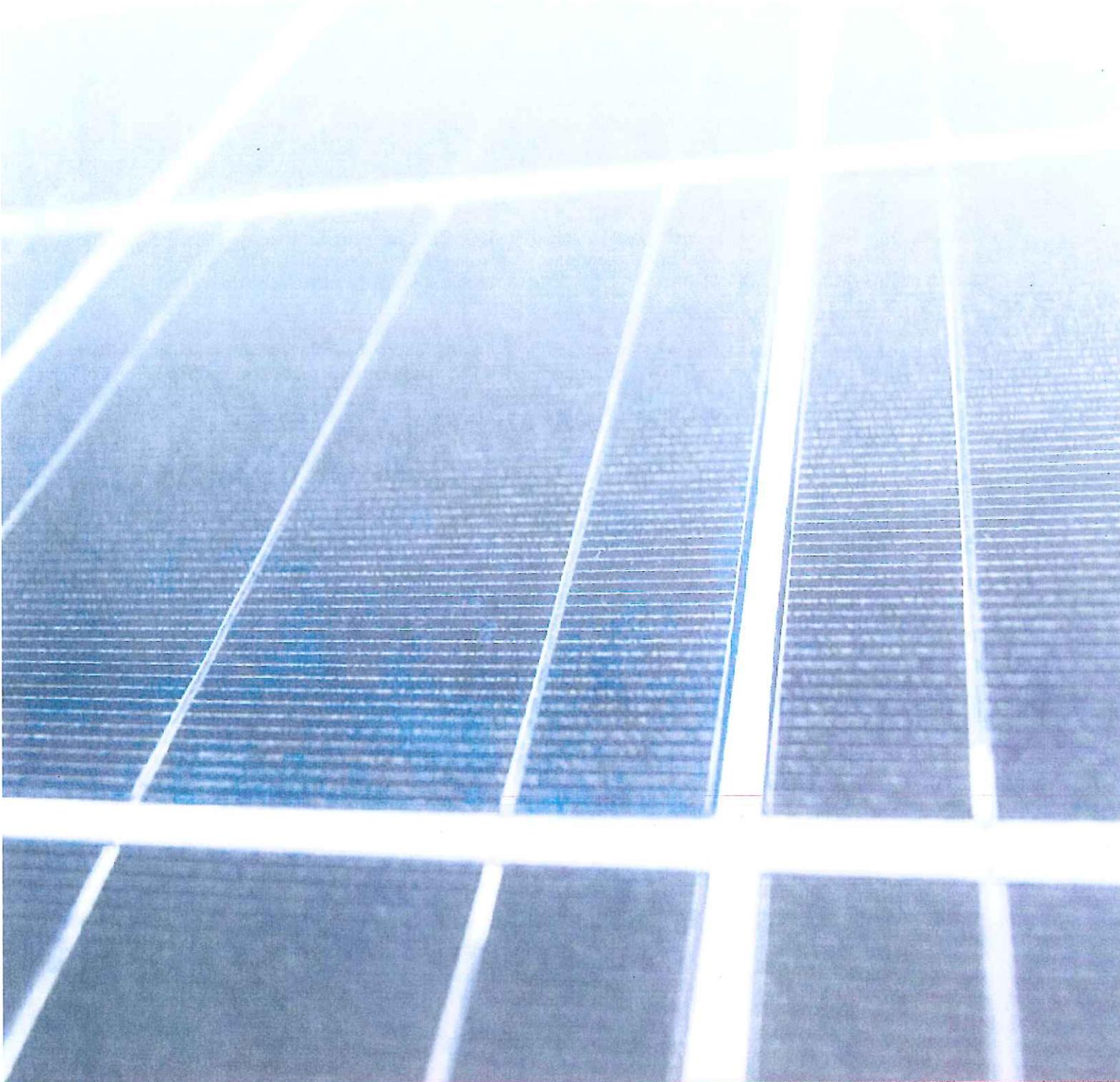
PJB:

Attachments

Sequoia Solar

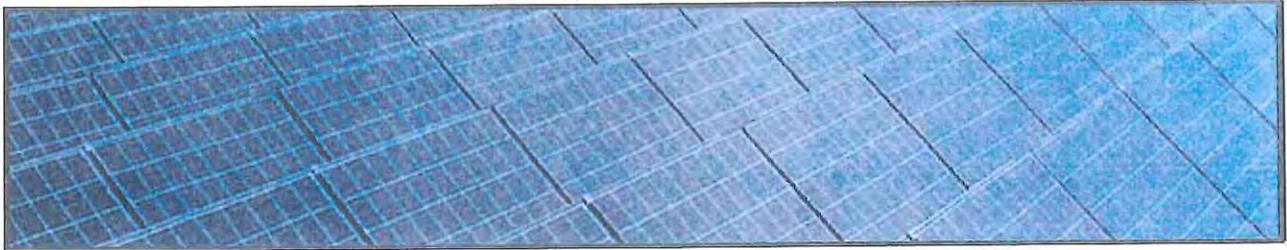
Project Experience

Previous commercial projects our qualified Engineering Staff has designed			
System Size	Installation Type	Client, City	Modules, Racking, Inverter
700kW	Rooftop	Villa Nueva, San Ysidro, CA	Sharp, Unirac, Xantrex
500kW	Rooftop	ESRI, Redlands, CA	Sanyo, ULA, Xantrex
250kW	Rooftop	Safeway, Mira Loma, CA	Sanyo, Sunlink, Satcon
110kW	Carport	Scripps-Envision Solar, San Diego, CA	Kyocera, Carport, SMA
100kW	Carport	Tri City, Oceanside, CA	Sharp, Unirac, Satcon
98kW	Carport	Hunters Point, Carlsbad, CA	Sharp, Unirac, SMA
50kW	Carport	ILWU-Envision Solar, Wilmington, CA	Kyocera, Carport, SMA
48kW	Carport	Resmed-Envision Solar, San Diego, CA	Kyocera, Carport, SMA
30kW	Rooftop	Cal Metals, El Cajon, CA	Sharp, Unirac, SMA
16kW	Ground Mount	Hunter Property, La Mesa, CA	Sharp, Unirac, SMA
12kW	Rooftop	Richlen Construction, Pacheco, CA	Sanyo, Unirac, SMA
1.5kW	Design Review	Sweet Water School, Chula Vista, CA	Sanyo, Unirac, Satcon



TRUST DOESN'T COME FOR FREE. IT HAS TO BE EARNED.

Modules from Kyocera - a good decision



FINANCIALLY STRONG COMPANY - FOR 50 YEARS

With Kyocera, you can develop long-term stable business relationships. Rating agency Moody's confirms this with its AA3 rating ("excellent")

NEARLY 35 YEARS OF EXPERIENCE WITH SOLAR

Kyocera has played a decisive role in shaping the development of solar technology from the very beginning. Kyocera first started work with solar power in 1975 and has since perfected the technology to become an industry leader.

INNOVATIVE CUTTING-EDGE TECHNOLOGY

Continual further development and improvement, Kyocera's Kaizen Philosophy, has led to world-record-breaking cell efficiency levels (2006: 18.5%).

TRUE VERTICLE INTEGRATION PROCESS

100% Kyocera development, 100% Kyocera quality product

EXEMPLARY EFFICIENCY

Kyocera high-performance solar cells with efficiency of over 16% guarantee extremely high annual energy yields from the PV system.

PRODUCT RELIABILITY AND A LONG SYSTEM LIFE

Kyocera long-term tests (e.g. Sakura installation from 1984) demonstrate the PV modules' consistent high quality and performance.

COMPREHENSIVE RANGE OF MODULES

Broad product portfolio features modules for highly diverse applications, both grid-connected and off-grid.

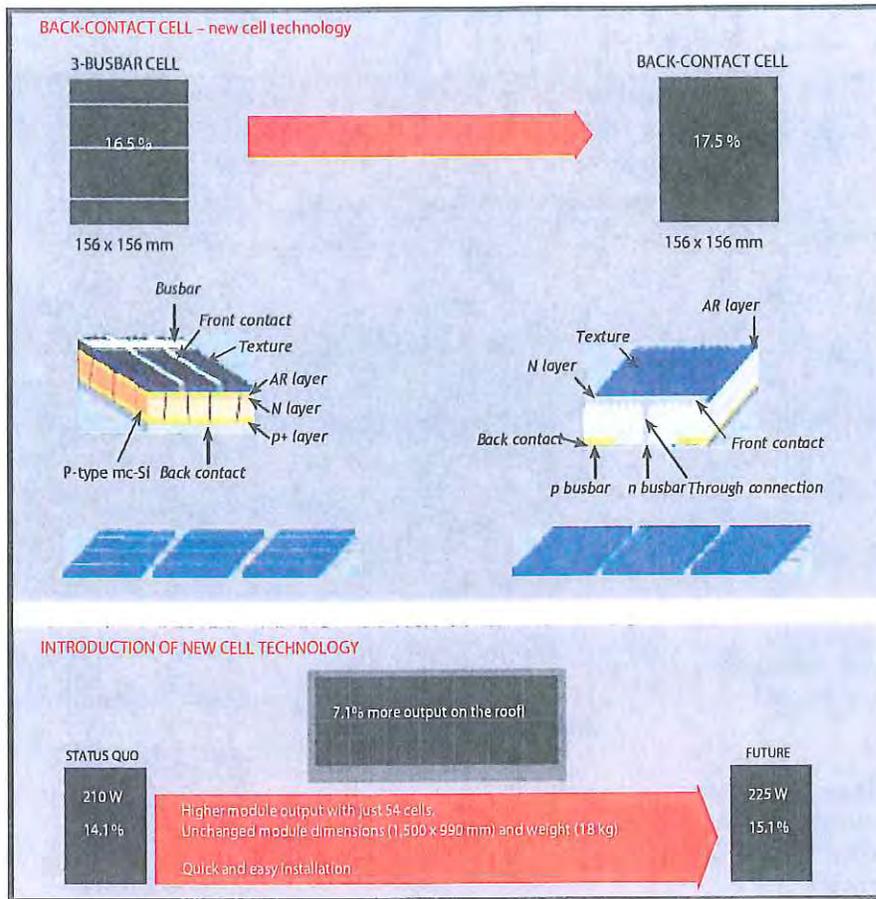
EXCELLENT SERVICE

A comprehensive team of engineers, technical support and sales personnel provide excellent customer service.

- Advice on design issues
- Advice on location and installation
- Information on new products and processes
- Account support
- Marketing support
- Warranty administration



CONSTANTLY REDEFINING FRONTIERS



BACK-CONTACT CELL

Kyocera's latest development, the so-called back-contact cell, achieves an efficiency of 17.5% by shifting all the electrodes from the surface to the rear of the cell. This enlarges the active cell surface.

While the dimensions remain unchanged, the module efficiency increases to 15.1%, which corresponds to a 7.1% higher output power than our current product.

MEETING THE STRICTEST OF QUALITY REQUIREMENTS

Toyota is one of the world's market leaders in the research and development of modern automotive technology.

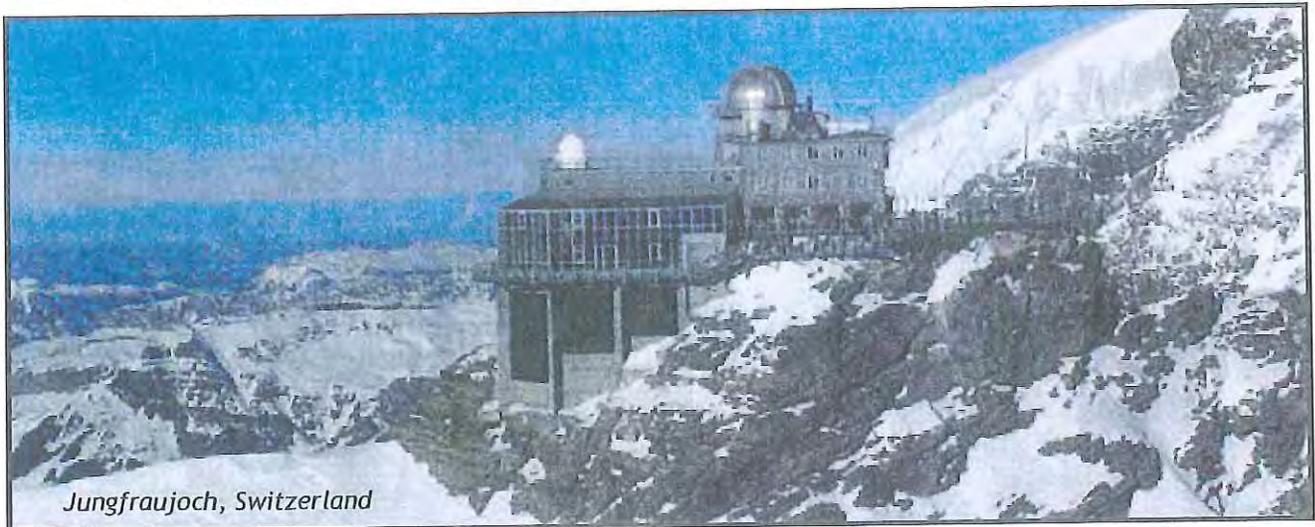
Technology and modules from Kyocera meet the strict requirements of Toyota's quality management program, which is why PV modules from Kyocera are installed in the third generation of the Toyota Prius.

The solar-powered ventilation system ventilates the passenger compartment while the vehicle is parked. Keeping the cabin temperature cool and comfortable.

Toyota Quality Requirements Met:
Confirm Heat, Vibration, and Shock Resistance of Module
Power Output Guarantee
Superior Manufacturing Process



MORE QUALITY WITH A LONGER SERVICE LIFE



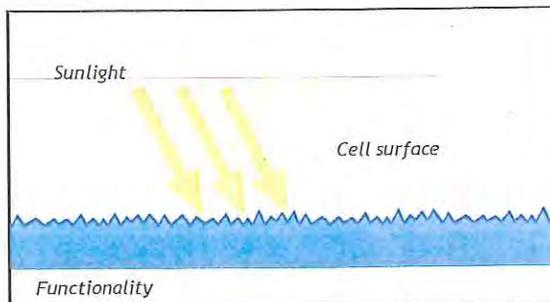
Jungfrauoch, Switzerland

Photovoltaic modules from Kyocera are developed to withstand the most varied of climatic conditions, such as heat or cold.

HIGH-PERFORMANCE CELL FROM KYOCERA

The efficiency of modules depends greatly on the level of reflection at the cell surface. It determines how much light reaches the active layer. With the "ion etching process" developed by Kyocera, a pyramid-like roughening of the surface is carried out on the micron-scale, causing multiple reflection of light and thus increasing the yield.

This process, which was developed by Kyocera and lends the cells a dark blue and very homogeneous appearance, is what we call "d.Blue".



Another decisive success factor is that Kyocera is the first company to use 3-busbar cell technology in mass production. With optimized cell contacting, electrical losses can be achieved with the same surface area.

MODULE FRAME

The black anodized aluminum frame with an additional coating ensures extremely high corrosion resistance and a long life. Together with the dark blue cells, it lends an attractive appearance to the roofs on which it is installed.



The sturdy frame can withstand the harshest of weather conditions. We guarantee a mechanical load capacity of 2,400 Pa (50 psf) and technology mounting with 5400 Pa (113 psf) for our modules.

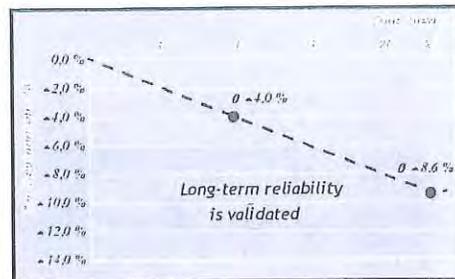
Furthermore, our frame is so stably constructed that there is no need for additional bracing on the rear of the module. This leads to weight savings and means that our PV modules are light and easy to install.

The grounding points in the frame's interior on all four corners allow for fast installation and are compatible with all major mounting structure systems.

WORLD-CLASS TECHNOLOGY



Kyocera installed a 1 kW test system at its research facility in Sakura, Japan, as early as 1984. The PV modules are still performing very well to this day and are a great source of data for R&D efforts.



The output of the modules in Sakura dropped by just 4% after 10 years. Even after 23 years, the degradation value was just 8.6%. It is remarkable that this value was achieved with the technology and material which were available back then. Kyocera has made technological advances since then, leading today's current Kyocera product to perform remarkably better.

KYOCERA MODULE OVER PERFORMANCE

Kyocera modules are known within the industry to perform extremely well in the field.



PPL Renewable Energy Park - Camden Co., NJ
500kW System
Performing at 105%



Gatorade Distribution Facility - Tolleson, AZ
500kW System
Performing at 108%



Integrity Building Corporation - Mesa, AZ
19.2kW System
Performing at 106%



Alvarado Water Treatment Facility - San Diego, CA
1.2 MW System
Performing at 115%

KYOCERA MODULES GENERATE VERY HIGH ANNUAL ENERGY YIELDS

Each module undergoes a 100% final check with individual measurement of electrical parameters. Thus only highly efficient modules leave our factories. Naturally, with every module delivered, we also provide the performance data (flash data) measured in the factory.

This approach enables Kyocera to produce solar modules with the industries tightest power tolerance.

CERTIFICATIONS AND ACCREDITATIONS:

Kyocera PV modules surpass international standards and, in particular, meet the requirements of the following:

- UL 1703 Listed
- NEC Compliant
- CEC Listed

Kyocera's production facilities are certified as ISO 9001 and ISO 14001. The ISO 14001 certification confirms that Kyocera produces in an environmentally sound manner, uses closed (and thus resource-saving) cycles of potential recyclables, and recovers or saves energy to a significant extent.



Kyocera Headquarters
Kyoto, Japan

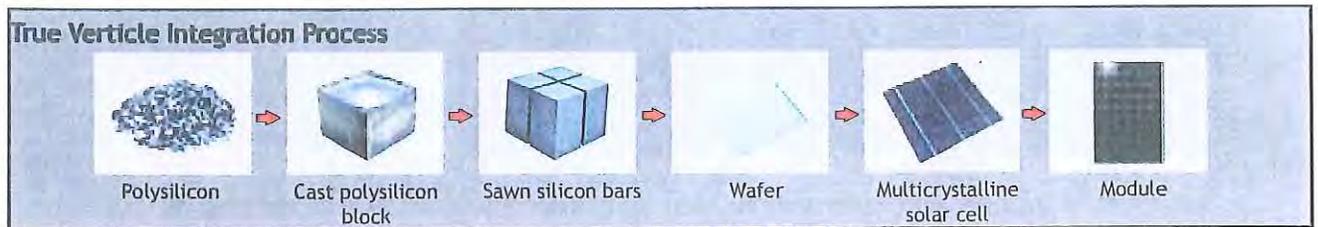
WHY KYOCERA?

INNOVATIVE ADVANCED TECHNOLOGY

With photovoltaic systems from Kyocera, you are always on the cutting edge of technology. This is insured by our wide-ranging research and innovation technology, which is unrivalled in the industry. Thanks to this technology, we have been able to gradually increase the efficiency of our polycrystalline solar cells, to as much as 18.5%. Kyocera is one of the few companies on the market that

carries out all production steps itself, without buying in any semi-finished products. This allows us 100% control which, in conjunction with fully automated production processes, results in consistent and above-average product quality and performance.

100% KYOCERA Development - 100% Quality Product



STRICT, COMPREHENSIVE TESTS TO ENSURE QUALITY

Kyocera conducts a series of tests using our modules and the competition. As a matter of fact, Kyocera compares new test results with its comprehensive database of previous simulations, so as to check the validity of the tests and to ensure that the results are added to our

large pool of existing data and thus increase our all-round expertise.

In the following, the example of long-term module crack test is used to demonstrate how quality assurance works at Kyocera.

MODULE CRACK TEST

Competitor Monocrystalline Module

- Out of box, hair cracks exist on competitor mono module.
- After repeated test cycling hair cracks grow in size and number causing performance issues and module failure.

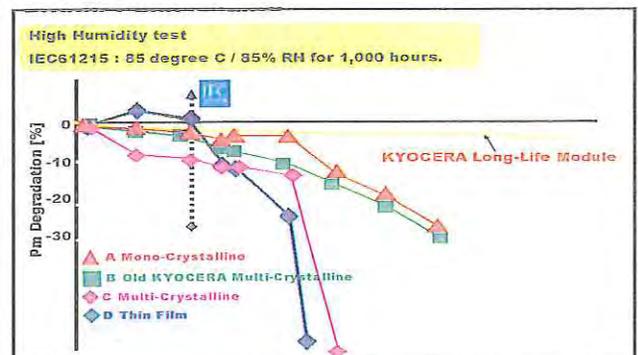
Kyocera Multicrystalline

- No visible cracks out of box
- After repeated cycle testing no change over time leading to high performance and reliability

Long Term Reliability Secured

KYOCERA LONG-LIFE MODULE

High humidity chambers are used to test the degradation of the module over time. Among the modules tested are Kyocera's new Long-Life module versus the old Kyocera multicrystalline modules, competitor monocrystalline modules, and thin film modules.



ALWAYS ONE STEP AHEAD

An investment in a photovoltaic system is a sound investment in the future of our planet. Many people have already recognized this and purchased their own PV systems - an investment which is already being promoted in many countries. This public interest is one of the reasons that the photovoltaic market has grown rapidly in recent years, resulting in a large number of new PV module providers entering this promising market.

Right from the start, Kyocera has been successfully involved in providing solar power solutions all around the world, even in difficult situations, for example in settlements off the beaten track of civilization, or complex large-scale projects. This experience gained has been put to use for all our customers.

A STORY OF SUCCESS

By founding Japan Solar Energy Corp. (JSEC) in 1975, Kyocera laid the foundation for successful investigation and utilization of solar energy.

Just seven years later, we began the world's first mass production of polycrystalline silicon solar cells. Since then, we have succeeded again and again in improving the efficiency of solar cells and setting new standards in this field.

The demands placed on photovoltaic installations with regard to cost effectiveness and system performance are becoming higher and higher all the time.

As one of the world's market leaders in the photovoltaic sector, Kyocera considers it a natural obligation to continually observe the strictest quality standards in the manufacture of modules, from the raw materials to the final product.

INCLUDING A GUARANTEED FUTURE

Kyocera with its headquarters in Kyoto, Japan, is a healthy, forward-thinking, globally active corporation which in 2009 is celebrating the 50th anniversary of its founding.

The company's origins and core competencies are in the field of technical ceramics, also known as fine ceramics. Today, Kyocera is among the world's leading manufacturers in the solar industry. Since its founding 50 years ago, Kyocera has not once recorded a financial loss. Thus, Kyocera make it possible to establish long-term stable business relationships for project partners and customers alike.

KYOCERA: KYOTO CERAMICS

History: founded in 1959 in Kyoto, Japan

Start of Involvement in Solar Technology: 1975

Employees: 65,000 at 200 locations worldwide

Company's Areas of Operation: Information and communications technology, environmental protection and preserving the quality of life.



Our factory in Yohkaichi, Since 1980- ingots, wafers and cells are produced here and also serves as the base for Kyocera's R&D.

CONTINUAL INCREASE OF PRODUCTION VOLUME

In 2009, Kyocera is starting to build a new production facility for solar cells in Yasu, Japan. This will enable us to increase the solar production volume from today's 300 MW per year to 650 MW by 2012. The new facility should begin production in spring 2010, and together with the existing large production facility in Yohkaichi, Japan, will become the center of solar cell manufacturing. With its production facilities and sales outlets, Kyocera is represented in all key markets, close to its customers.

The production facilities for module assembly are situated in Japan, China, Czech Republic, and Mexico. Kyocera has plans to increase the production volumes of its module manufacturing operations in Japan, China and Mexico.

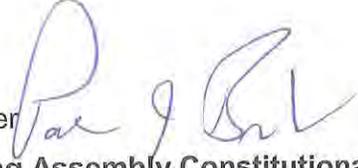
SOLAR EXPERTS SINCE 1975

A close-up, low-angle photograph of solar panels, showing the grid lines and the blue-tinted surface of the cells. The perspective is from below, looking up at the panels, which creates a sense of depth and scale.

**OFFERING TOP QUALITY
IS ONE THING.
SUSTAINING IT IS ANOTHER!**

SOLAR by KYOCERA

MEMORANDUM

DATE: September 3, 2009
TO: Board of Directors
FROM: Paul J. Bushee, General Manager 
SUBJECT: Resolution No. 2203 Supporting Assembly Constitutional Amendment 8

RECOMMENDATION:

Staff requests that the Board of Directors:

1. Adopt Resolution No. 2203 in support of Assembly Constitutional Amendment 8
2. Discuss and take action as appropriate

BACKGROUND:

This agenda item was presented to the LWD Board of Directors for information during the August 2009 Board of Directors meeting. Following discussion, the Board directed staff to prepare a resolution for the September 2009 Board of Directors meeting.

DISCUSSION:

After a late night negotiating session on July 20, 2009, the governor and party leaders reached a budget agreement that was forwarded to the members of the state legislature. In less than three days, the budget was put up for a vote with little notice or time for review. In fact, many agencies such as LWD were not able to accurately estimate the amount of funding that would be taken since no information was released. This has been the process used to pass budgets in prior years as well.

In 1953, the state Legislature created the Brown Act to regulate local government and guarantee the public's right to attend and participate in meetings of local officials. At the time, there was concern that city councils and other elected bodies were bypassing the public by holding private sessions. Then, in 1967, the Legislature passed the Bagley-Keene Act, mandating open meetings for state agencies, boards, and commissions. According to the Act, all state bodies need to provide an opportunity for the public to directly address an item up for consideration. In spite of this language, the Act allows broad exceptions which are often taken advantage of.

Currently, the legislature continues to exempt itself from most open meeting rules regarding the budget and other legislation. In recent years, the budget agreements and negotiations are done completely away from public scrutiny. The year, staff had no access to information in order to discuss the budget's impact on the District .

Assemblyman Kevin Jeffries has introduced a bill that would place restrictions on state lawmakers to promote open government and improve transparency. Assembly Constitutional Amendment (ACA) 8 would require the state legislature to notify the public 72 hours before voting on a bill and make the text of the bill available in print 24 hours before voting on all legislation. The purpose of the bill is to address the rise in backroom meetings, private deals, items slipped onto the agenda at the last minute, and "gut and amend" practices that are becoming the norm in Sacramento.

ACA 8 is presently languishing in the Assembly Rules Committee, and has not been heard during this session. With the ongoing budget crisis, it is likely that the bill will not be heard for some time. In order to take effect, the bill would have to be passed by both chambers by two-thirds vote, and then the measure would be placed on the next general election ballot for a vote of the people.

Assemblyman Jeffries has requested that agencies pass a resolution in support of the measure to garner interest and hopefully bring the bill up for a vote.

Resolution No. 2203 supporting ACA 8 is attached for the Board's consideration.

cal:PJB

RESOLUTION NO. 2203

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LEUCADIA WASTEWATER DISTRICT
SUPPORTING ASSEMBLY CONSTITUTIONAL AMENDMENT NO. 8**

WHEREAS, the Leucadia Wastewater District (District) has faithfully supported open and transparent government as the bedrock of our community, our state, and our country; and

WHEREAS, existing law requires meetings of each chamber and committee of the California Legislature to be open to the public, with exceptions for closed meetings to consider employment and personnel, security, advice from council, and caucus meetings; and

WHEREAS, legislation is often drafted with very little input, or bills are "gutted and amended" in a manner that allows limited public scrutiny; and

WHEREAS, the inability of the public, media, and many legislators to thoroughly inspect and review proposed legislation in a timely manner before such legislation is brought up for a vote stands against the basic principles of democracy and transparent government; and

WHEREAS, these practices are common within the California Legislature, often leaving citizens, cities, community groups, and agencies such as the District with no voice in the process; and

WHEREAS, Assembly Constitutional Amendment No. 8 (ACA 8) has been proposed to require each chamber or committee of the California Legislature, at least 72 hours before a regularly scheduled meeting, to post an agenda containing a brief general description of each item to be considered; and

WHEREAS, ACA 8 would also prohibit the passage of a bill in either house of the legislature until the bill with amendments has been printed and distributed to the members of the house at least 24 hours before that house could vote on the bill,

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Leucadia Wastewater District that this district supports the passage of Assembly Constitutional Amendment No. 8.

PASSED AND ADOPTED by the Board of Directors at a meeting of the Leucadia Wastewater District held September 9, 2009 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

David Kulchin, President

Paul J. Bushee, Secretary/Manager

(SEAL)

MEMORANDUM

Ref: 10-2152

DATE: September 3, 2009
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, 2009 through August 31, 2010.
2. Receive and file the Annual Review of LWD Investment Policy Report.
3. Discuss and take other action, as appropriate.

DISCUSSION:

This item was reviewed by the Investment and Finance Committee at its September 2, 2009 meeting. The committee recommended that this item be forwarded to the Board of Directors for discussion.

In September 2004, the Board of Directors (Board) adopted Leucadia Wastewater District's (LWD) Investment Policy. The Policy (attached), that was amended in September 2006 with minor revisions, calls for an annual review by the Board of Directors. Today's recommendation fulfills this review requirement.

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 delegate authority to manage the investment program. In the past, this authority has been delegated to the General Manager.

Staff recently reviewed the Policy to determine if any amendments are warranted. Based on this review, no changes are recommended.

cal:PJB

Attachment



LEADERS IN
ENVIRONMENTAL
PROTECTION

LEUCADIA WASTEWATER DISTRICT INVESTMENT POLICY

Ref: 07-0803

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. 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.

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:

The District will maintain a list of financial institutions authorized to provide investment services.

In addition, a list will also be maintained of approved security broker/dealers, selected by credit worthiness, who are authorized to provide investment services in the State of California. These may include primary dealers, or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws. All financial institutions and broker/dealers for investment transactions 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.

An annual review of the financial condition and registrations of qualified financial institutions and broker/dealers 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.

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. 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.

Bonds issued by Leucadia Wastewater District. Bonds issued by the local agency, 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.

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. 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.

Commercial Paper. The entity that issues the commercial paper shall 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. (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. 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.

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 rated "A" or better by two nationally recognized rating services. Counterparties should also have (i) a short-term credit rating of at least A1/P1; (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 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. (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). 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.

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.

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.

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	10%
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 shall select a benchmark to determine whether market yields are being achieved.

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 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:

In the event a security held by the District is subject to a rating change that brings it below the minimum credit ratings specified in this policy, the General Manager should notify the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

16.0 Investment Policy Adoption:

The District's Investment Policy shall be adopted by resolution of the Board of Directors. The policy shall be reviewed annually by the Investment and Finance Committee and the Board of Directors. The Board of Directors must approve any modifications made thereto.

MEMORANDUM

Ref: 10-2168

DATE: September 3, 2009
TO: Board of Directors
FROM: Paul J. Bushee, General Manager
SUBJECT: Meeting Room Use Policy



RECOMMENDATION:

Staff and the Community Affairs Committee (CAC) recommend that the Board of Directors:

1. Adopt the Meeting Room Use Policy; and
2. Discuss and take other action, as appropriate.

DISCUSSION:

This item was reviewed by the CAC at its September 2, 2009 meeting. The committee concurred with staff to recommend this item to the Board of Directors. The committee's recommended changes are shown as "strike-out" revisions in the attached policy.

During the August 2009 Board meeting, the Board of Directors discussed the feasibility of allowing local organizations to use the District's new facilities. Following discussion, the Board directed staff to work with the CAC to develop a policy that establishes guidelines for the use of these facilities.

The attached Meeting Room Use Policy delineates procedures that allow organizations to request the use of District meeting rooms. It also establishes safeguards that protect the District's property and limits costs and liability. The District's legal counsel has also reviewed and approved the policy.

Staff and the CAC recommend that the Board of Directors adopt the Meeting Room Use Policy and provide direction, as appropriate.

cal:PJB

Attachment



LEADERS IN
ENVIRONMENTAL
PROTECTION

Ref: 10-2149

LEUCADIA WASTEWATER DISTRICT Meeting Room Use Policy

I. Introduction

It is the policy of the Leucadia Wastewater District (District) to, in limited circumstances, allow use of its meeting rooms by industry and local organizations as a public service. Permission to use a meeting room shall not constitute an endorsement by the District of either programs or point of view expressed therein. The meeting rooms shall, be made available in accordance with the terms of this policy, on an equitable basis, regardless of the beliefs or affiliations of the organizations requesting their use.

II. Eligibility for Use

A meeting room shall only be made available if the District determines that it is not needed and that its use will not interfere with the conduct of District business. Permission to use District facilities will be granted only to those organizations directly affiliated with LWD. ~~Further, in scheduling use of the meeting room, priority shall be given to programs administered or sponsored by the District and organizations directly affiliated with the District. In addition, permission may be granted for the following uses, in order of priority and based upon availability:~~

- ~~• City of Carlsbad/City of Encinitas departments, agencies or commissions;~~
- ~~• Neighborhood and community organizations based in the City of Carlsbad and the City of Encinitas; and~~
- ~~-~~
- ~~• Other non-profit public and/or social service organizations.~~

III. Restrictions on Use

The following uses are not permitted:

- Fund-raisers;
- Youth programs with adult supervision of less than 2 adults, or less than 1 adult per 10 children;
- Meetings in excess of the legal capacity of the meeting rooms;
- Meetings scheduled outside of normal District operating hours (8:00 am - 5:00 pm); and
- Private parties or receptions.