

LEUCADIA WASTEWATER DISTRICT

Minutes of a Regular Board Meeting

September 14, 2016

A regular meeting of the Board of Directors of the Leucadia Wastewater District (LWD) was held Wednesday, September 14, 2016 at 5:00 p.m., at the District Administration Office at 1960 La Costa Ave., Carlsbad, California.

1. Call to Order

President Omsted called the meeting to order at 5:00 p.m.

2. Roll Call

DIRECTORS PRESENT: Omsted, Sullivan (via teleconference), Kulchin, and Juliussen

DIRECTORS ABSENT: Hanson

OTHERS PRESENT: General Manager Paul Bushee, General Counsel Wayne Brechtel, Administrative Services Manager Richard Duffey, Technical Services Manager Robin Morishita, Field Services Superintendent Jeff Stecker, Executive Assistant Tianne Baity, Administrative Services Supervisor Trisha Hill, Field Services Supervisor Marvin Gonzalez, Field Services Technician III Gabe Mendez, Field Services Technician-In-Training Curney Russell, District Engineer Steve Deering, and Jane Costello with Infrastructure Engineering Corporation (IEC)

3. Pledge of Allegiance

President Omsted led the pledge of allegiance.

4. General Public Comment Period

None.

5. Approval of Agenda

Upon a motion duly made by Director Juliussen, seconded by Director Sullivan, and unanimously carried, the Board of Directors, approved Agenda by the following vote:

Director	Vote
President Omsted	Yes
Vice President Hanson	Absent
Director Sullivan	Yes
Director Kulchin	Yes
Director Juliussen	Yes

6. Presentations and Awards

A. Achievement of an Individual Award – Field Services Technician III Gabriel (Gabe) Mendez 5th year anniversary.

GM Bushee introduced FST III, Gabe Mendez, stating that he recently passed his 5th year anniversary at the District. He provided background information about Gabe and noted that under LWD's incentive program that Gabe is eligible for a \$100 incentive award.

Associate Degree Public Works Management: Public Works Management Level II – Gabriel Mendez

GM Bushee also stated that FST III Gabe Mendez recently received his Associate Degree in Public Works Management from Palomar College. He noted that under LWD's incentive program that Gabe is eligible for a \$750 incentive award.

President Omsted presented Gabe with his certificate and the Board of Directors congratulated Gabe for his efforts.

Achievement of an Individual Performance Objective – Curney Russell.

GM Bushee introduced Field Services Technician-In-Training Curney Russell stating that Curney recently received his Collection System Maintenance Grade 1 Certification from the California Water Environment Association. He stated that this is his first award since his employment and he presented background information about Curney. He noted that Curney is eligible for a \$500 incentive award under the District's incentive program.

President Omsted presented Curney with his certificate and the Board of Directors congratulated Curney for his efforts.

Achievement of an Individual Performance Objective – Marvin Gonzalez.

GM Bushee introduced Field Services Supervisor Marvin Gonzalez stating that Marvin recently received his Certificate of Achievement in Wastewater Technology Education from Palomar College. He also presented background information about Marvin. He noted that Marvin is eligible for a \$500 incentive award under the District's incentive program.

President Omsted presented Marvin with his certificate and the Board of Directors congratulated Marvin for his efforts.

CONSENT CALENDAR

7. Approval of Board and Committee Minutes

Minutes of the following meetings:

August 16, 2016 Investment and Finance Committee Meeting
August 17, 2016 Regular Board Meeting
September 6, 2016 Investment and Finance Committee Meeting
September 7, 2016 Engineering Committee Meeting

8. Approval of Demands for August/September 2016

Payroll Checks numbered 18739-18801; General Checking – Checks numbered 48625-48751.

9. Operations Report (A copy was included in the original September 14, 2016 Agenda)

10. Finance Report (A copy was included in the original September 14, 2016 Agenda)

11. Disclosure of Reimbursements

This report discloses travel expense reimbursements for the month of August 2016.

Upon a motion duly made by Director Juliussen, seconded by Director Kulchin, and unanimously

carried, the Board of Directors, approved the Consent Calendar by the following vote:

Director	Vote
President Omsted	Yes
Vice President Hanson	Absent
Director Sullivan	Yes
Director Kulchin	Yes
Director Juliussen	Yes

EWA and COMMITTEE REPORTS

12. Encina Wastewater Authority (EWA) Reports

A. EWA Board Report – Meeting held on August 24, 2016.

Director Juliussen reported on EWA's August 24, 2016 Board Meeting.

B. EWA Member Agency Manager's (MAM) - Meeting held on September 6, 2016.

GM Bushee reported on MAM's September 6, 2016 meeting.

13. Committee Reports

A. Investment and Finance (IFC) Meeting held on September 6, 2016.

Director Omsted reported that the IFC reviewed staff's recommendation to re-delegate authority to manage LWD's investment program to the General Manager effective September 1, 2016 through August 31, 2017.

Director Omsted also reported that the IFC reviewed Resolution No. 2282 revising the LWD Investment Policy.

The IFC concurred with staff to present these recommendations to the Board of Directors and they will be discussed later in the agenda.

B. Engineering Committee (EC) Meeting held on September 7, 2016.

Director Juliussen reported that the EC reviewed Task Order No. 29 with Infrastructure Engineering Corporation (IEC) for engineering design services for the Leucadia Pump Station Rehabilitation Project in an amount not to exceed \$41,058.

The EC concurred with staff to present this recommendation to the Board of Directors and it will be discussed later in the agenda.

The EC also received updates on the status of a cooperative arrangement with the Olivenhain Municipal Water District to use recycled water for collection system hydro-cleaning and the Scott's Valley Pipeline Project Rehabilitation Post Construction Evaluation.

These items were for information only. No action was taken.

ACTION ITEMS

14. Leucadia Pump Station Rehabilitation Project – Engineering Design Services

Authorize the General Manager to execute Task Order No. 29 with Infrastructure Engineering Corporation (IEC) for engineering design services for the Leucadia Pump Station Rehabilitation Project in an amount not to exceed \$41,058.

TSM Morishita presented this item indicating that it was reviewed by the EC at their September 7th meeting. He noted that it is a Fiscal Year 2017 tactical goal. TSM Morishita provided background information on the project and listed the major items to be accomplished during the rehabilitation.

TSM Morishita stated that IEC submitted a proposal for project design. He described the scope of work which includes structural and electrical subcontracted services. He said that staff believes that the IEC proposal is fair, reasonable, and recommended that the Board authorize the General Manager to execute Task Order No. 29 with IEC.

Following discussion, upon a motion duly made by Director Juliussen, seconded by Director Kulchin, and unanimously carried, the Board of Directors authorized the General Manager to execute Task Order No. 29 with IEC for engineering design services for the Leucadia Pump Station Rehabilitation Project in an amount not to exceed \$41,058 by the following vote:

Director	Vote
President Omsted	Yes
Vice President Hanson	Absent
Director Sullivan	Yes
Director Kulchin	Yes
Director Juliussen	Yes

15. Annual Review of LWD's Investment Policy

Re-delegate authority to manage LWD's investment program to the General Manager effective September 1, 2016 through August 31, 2017, adopt Resolution No. 2282 amending LWD's Investment Policy, and receive and file the annual review of the Investment Policy.

ASM Duffey presented this item indicating that it was reviewed by the Investment and Finance Committee (IFC) at their September 6th meeting. He noted that it is a Fiscal Year 2017 tactical goal and he provided background information on the Investment Policy. He stated that there were changes recommended to the following areas; Permitted Investments section 8.1, Diversification section 11.0, and minor administrative changes to formatting and grammar.

ASM Duffey stated that staff and the IFC also discussed the practicality of implementing the corporate environmental review portion under section 8.2 "Socially Responsible Investing." ASM Duffey noted that during the IFC meeting Directors Omsted and Hanson concurred with staff's preference on the removal of this portion but agreed that this item should be brought to the Board at its September meeting for discussion.

Director Juliussen commented that his concern has always been the safety of the money rather than the return on the investment and asked how safe is the District's money. ASM Duffey answered stating that the District's investments are safe and are highly rated by the rating agencies. He also stated that LWD's investment advisor, PFM, adds an extra layer of scrutiny in its review of any investments it recommends.

Director Kulchin asked if LWD's portfolio lost money during the financial crisis in 2008. ASM Duffey

answered stating that LWD's portfolio lost \$0 in principal during the most recent financial crisis and noted LWD's number one priority is preservation of principal.

Director Kulchin also asked if the Board of Directors re-delegates authority to manage LWD's investment program to the General Manager on an annual basis. ASM Duffey answered affirmatively.

Following discussion, upon a motion duly made by Director Kulchin, seconded by Director Sullivan, and unanimously carried, the Board of Directors re-delegated authority to manage LWD's investment program to the General Manager effective September 1, 2016 through August 31, 2017 by the following vote:

Director	Vote
President Omsted	Yes
Vice President Hanson	Absent
Director Sullivan	Yes
Director Kulchin	Yes
Director Juliussen	Yes

Following discussion, upon a motion duly made by Director Kulchin, seconded by Sullivan, and unanimously carried, the Board of Directors adopted Resolution No. 2282 amending LWD's Investment Policy, and received and filed the annual review of the Investment Policy by the following vote:

Director	Vote
President Omsted	Yes
Vice President Hanson	Absent
Director Sullivan	Yes
Director Kulchin	Yes
Director Juliussen	Yes

INFORMATION ITEMS

16. Project Status Updates and Other Informational Reports

A. None.

17. Directors' Meetings and Conference Reports

A. CSDA Quarterly Dinner was held on August 18, 2016 at The Butcher Shop Steakhouse in Kearny Mesa, CA.

Directors Juliussen and Omsted both agreed the speaker on workplace violence prevention was informative.

Director Kulchin stated that the CSDA Quarterly dinners have very good programs.

B. Carlsbad State of the City Luncheon was held on August 26, 2016 at the Sheraton Resort & Spa in Carlsbad, CA.

Director Juliussen stated he was very impressed with the City of Carlsbad's accomplishments. He noted that they are in great shape financially.

18. General Manager's Report

GM Bushee reported on the following items:

- Public education article in the Encinitas Patch titled "Help Stop Illegal Dumping into the Wastewater System". GM Bushee thanked ASsup Hill and Jared Criscuolo of Rising Tide Partners for their work in drafting the article and getting it published.
- CSDA and CASA testified at the Little Hoover Hearing held on August 25, 2016 and another hearing is scheduled for October.
- At the end of August the North San Diego Water Reuse Coalition provided a response on the San Diego Grand Jury Report.
- GM Bushee will be out of the office October 4 through October 10 visiting family and he will send an update on who will be the acting GM during his absence.

19. General Counsel's Report

GC Brechtel reported on the following items:

- SB 1069: this bill eliminates the ability to charge capacity fees for accessory dwelling units and it has gone to the Governor for signature. GC Brechtel will inform staff if it is signed into law.

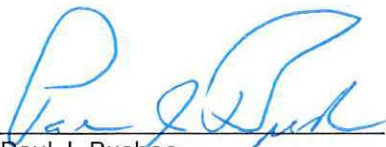
20. Board of Directors' Comments

Director Kulchin thanked Director Juliussen for always being complimentary to everyone on staff. Director Kulchin also thanked staff and the General Manager for running a very prudent and effective District.

Director Sullivan thanked everyone for accommodating her teleconference call for the Board Meeting. She also congratulated staff on the awards they received.

21. Adjournment

President Omsted adjourned the meeting at 5:42 p.m.



Paul J. Bushee
Secretary/General Manager
(SEAL)



Donald Omsted, President