

LEUCADIA WASTEWATER DISTRICT
Minutes of an Investment & Finance Committee Meeting
August 5, 2020

A meeting of the Investment & Finance Committee (IFC) of the Leucadia Wastewater District (LWD) was held Wednesday, August 5, 2020 at 1:30 pm. via video conference.

1. Call to Order

Chairperson Hanson called the meeting to order at 1:31 p.m.

2. Roll Call

DIRECTORS PRESENT: Hanson and Omsted

DIRECTORS ABSENT: None

OTHERS PRESENT: General Manager Paul Bushee, Administrative Services Manager Richard Duffey, Administrative Services Supervisor Trisha Hill, Executive Assistant Tianne Baity, and Shannon Ayala of Davis Farr, LLP

3. Public Comment

No public comment was received.

4. New Business

A. Audit Entrance Meeting with Davis Farr, LLP.

ASM Duffey presented the item and introduced CPA Shannon Ayala with Davis Farr, LLP.

Ms. Ayala provided an overview of the audit process. She noted that the SAS 114 planning letter was sent to the Board of Directors indicating that the audit process has begun, along with the auditor's responsibilities.

Ms. Ayala then reviewed the audit timeline and upcoming changes to the audit process. Ms. Ayala noted that the final phase of the audit will begin September 2020.

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

B. Revised Procurement Policy - Adopt Resolution No. 2338 approving LWD's revised Procurement Policy.

ASM Duffey presented the item and provided background information on the Procurement Policy.

ASM Duffey presented the subject recommendation indicating that staff recently conducted a review of the existing policy. Based on this review, staff is recommending adding a section to address the procurement of highly technical goods or services by competitive negotiations and making some clarification changes in the policy.

Vice President Omsted asked how the District would find bidders for highly technical goods or services. ASM Duffey answered the District would ask for proposals.

Chairperson Hanson asked if the District always accepts the lowest bid. GM Bushee stated that construction projects are normally awarded to the lowest bidder if they meet all the requirements.

Following discussion, the IFC agreed with staff to recommend that the Board adopt Resolution No. 2338 and the revised Procurement Policy.

- C. Revised Investment Policy – Redelegate authority to manage LWD's investment program to the General Manager effective September 1, 2020 through August 31, 2021, and adopt Resolution No. 2341 approving LWD's revised Investment Policy.

ASM Duffey presented this item and provided background information on the Investment Policy. He noted that staff recently reviewed the Policy to determine if any amendments are warranted. In addition, LWD's Investment Policy received certification from the California Municipal Treasurers Association (CMTA) under its Investment Policy Certification Program last year. As part of that review process, CMTA's evaluators made some review comments and staff incorporated some of them into LWD's investment policy this year. ASM Duffey then reviewed the following enhancements to the Investment Policy:

- Expanding the Authorized Investment Chart by adding relevant California Government Code sections and maximum maturities.
- Increasing allowable allocation percentages for certain authorized investment with higher safety and liquidity characteristics, such as US Treasuries.
- Reference LWD's Conflict of Interest Code.
- Limiting amount invested in certain types of securities of any single issuer to 5% of LWD's total portfolio,
- Adding additional information and clarifying some sections of the policy.
- Make some minor administrative changes such as formatting, numbering, and grammar.

Vice President Omsted asked why money market funds were increased from 10% to 20%. ASM Duffey answered that money market funds are liquid and safe investments.

Following discussion, the IFC agreed with staff to recommend that Board of Directors redelegate authority to manage LWD's investment program to the General Manager effective September 1, 2020 through August 31, 2021, and adopt Resolution No. 2341 amending LWD's Investment Policy.

5. Information Items

None.

6. Directors' Comments

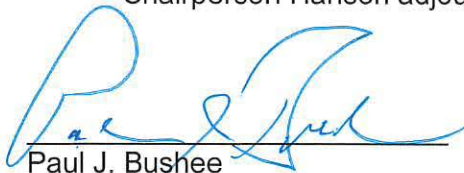
None.

7. General Manager's Comments

GM Bushee stated that two security cameras were recently installed at the District Headquarters Building. He noted that last week the cameras caught an intruder attempting to break into District vehicles after hours. GM Bushee stated that staff will make improvements to the fence line between Gelson's and the District property so that it is not as easy to access the District property from the north west perimeter.

8. Adjournment

Chairperson Hanson adjourned the meeting at 2:04 p.m.

A handwritten signature in blue ink, appearing to read "Paul J. Bushee", is written over a horizontal line.

Paul J. Bushee
Secretary/General Manager
(Seal)