



January 22, 2008

Next Resolution No. 01-08-2379  
Next Ordinance No. 01-08-254

LAS VIRGENES MUNICIPAL WATER DISTRICT  
4232 Las Virgenes Road  
Calabasas, California

AGENDA  
REGULAR MEETING

CLOSING TIME FOR AGENDA IS 8:30 A.M. ON THE TUESDAY PRECEDING THE REGULAR BOARD MEETING. GOVERNMENT CODE SECTION 54954.2 PROHIBITS BOARD TAKING ACTION ON ITEMS NOT ON POSTED AGENDA UNLESS AN EMERGENCY, AS DEFINED IN GOVERNMENT CODE SECTION 54956.5, EXISTS OR UNLESS OTHER REQUIREMENTS OF GOVERNMENT CODE SECTION 54954.2(B) ARE MET.

5:00 p.m.

JANUARY 22, 2008

PLEDGE OF ALLEGIANCE

1. **CALL TO ORDER AND ROLL CALL**

The meeting was called to order at \_\_\_ p.m. by \_\_\_ in the District offices, and the Secretary called the roll.

<u>Board of Directors</u>	<u>Present</u>	<u>Left</u>	<u>Absent</u>
Joseph M. Bowman, President	_____	_____	_____
Lee Renger, Vice President	_____	_____	_____
Jeff Smith, Secretary	_____	_____	_____
Charles Caspary, Treasurer	_____	_____	_____
Glen Peterson, MWD Representative	_____	_____	_____

2. **APPROVAL OF AGENDA**

It was moved by Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, and \_\_\_\_\_, that the agenda for the Regular Meeting of January 22, 2008, be approved as presented/amended.

3. **PUBLIC FORUM**

Members of the Public may address the Board on items that do not appear on the agenda; and on items within the jurisdiction of the Board, providing that no action shall be taken on any item not appearing on the agenda unless authorized by Subdivision (b) of Government Code Section 54954.2. The President of the Board may limit the time available for each subject and each speaker.

4. **ILLUSTRATIVE AND/OR VERBAL PRESENTATION AGENDA ITEMS**

Legislative Update

5. **CONSENT CALENDAR**

- A Minutes: Regular Meeting of December 11, 2007. APPROVE
- B List of Demands – 01/22/08. APPROVE
- C Investment Report for the Month of December 2007. APPROVE
- D Investment Review for the Fourth Quarter 2007. RECEIVE & FILE
- E Eastern Recycled Water Pump Station Expansion - Change Order No. 1 in the total amount of \$14,880.70. RATIFY
- F Amendment to Water System Design Report (#2274.02) Tentative Tract No. 54063. APPROVE

Moved by Director\_\_\_\_\_, seconded by Director\_\_\_\_\_, and\_\_\_\_\_, that Consent Calendar Items 5A-5F be approved and adopted as presented.

6. **TREASURER**

Miscellaneous Report from Treasurer

7. **LEGAL SERVICES**

Potable Water Replacement Fund Standby Charge

Moved by Director\_\_\_\_\_, seconded by Director\_\_\_\_\_, and\_\_\_\_\_, that full reading of the proposed Ordinance No. 01-08-253 as it relates to Standby Charges for fiscal year commencing July 1, 2008, be waived.

Moved by Director\_\_\_\_\_, seconded by Director\_\_\_\_\_, and\_\_\_\_\_, by the following roll call vote, that the proposed Ordinance No. 01-08-253 as it relates to Standby Charges for fiscal year commencing July 1, 2008, given second reading by title only, approved and adopted as presented.

Ayes:                      Noes:                      Abstain:                      Absent:

8. **FINANCE & ADMINISTRATION**

A Second Quarter Financial Review & Spotlight

Moved by Director\_\_\_\_\_, seconded by Director\_\_\_\_\_, and\_\_\_\_\_, that the Second Quarter Financial Review and Spotlight on LVMWD be received and filed.

B Annual Review of Investment Policy

Moved by Director\_\_\_\_\_, seconded by Director\_\_\_\_\_, and\_\_\_\_\_, that the Board approve the proposed Resolution No. 01-08-2378 amending the Las Virgenes Code as it relates to the investment policy; and approve the change to the investment strategy to allow the average life of the investment portfolio now be shown as up to three years if warranted, including the Local Agency Investment Fund.

9. **FACILITIES & OPERATIONS**

A Water System Design Report (#2395.00) – Tract No. 60488

Moved by Director\_\_\_\_\_, seconded by Director\_\_\_\_\_, and\_\_\_\_\_, that the Board accept and utilize the adopted Mitigated Negative Declaration and Mitigation Monitoring for Tract No. 60488 contained in the City of Calabasas Resolution 2007-1097, including the approvals of Conditional Use Permit CUP-003-013 and Oak Tree Permit OAK-003-017; and approve the Water System Design Report for Tract No. 60488 and the conclusions and recommendations contained in the report shown on pages 12-1 and 12-2.

B Tapia Water Reclamation Facility BNR Project Call for Bids

Moved by Director\_\_\_\_\_, seconded by Director\_\_\_\_\_, and\_\_\_\_\_, that the Board authorize a Call for Bids in accordance with the project specifications for the Tapia Water Reclamation Facility BNR Project Biological Nutrient Reduction Project; and authorize a Call for Bids in accordance with the project specifications for the Tapia Water Reclamation Facility BNR Project Centrate Treatment Project.

10. **NON-ACTION ITEMS**

A Organization Reports

- (1) MWD
- (2) Other

B Directors' Reports on Outside Meetings

C Information Items

- (1) Consultant Contracts Given Administrative Approval for the Three Month Period Ending December 31, 2007

D General Manager Reports

11. **FUTURE AGENDA ITEMS/DIRECTOR COMMENTS**

12. **PUBLIC FORUM**

Members of the Public may address the Board on items that appear on the agenda; and on items within the jurisdiction of the Board, providing that no action shall be taken on any item not appearing on the agenda unless authorized by Subdivision(b) of Government Code Section 54954.2. The President of the Board may limit the time available for each subject and each speaker.

13. **CLOSED SESSION**

Conference with District Counsel – Existing Litigation  
Cooper, et al. vs. Calabasas Park Estates, et al.  
Smith, et al. vs. Calabasas Park Estates, et al.

14. **OPEN SESSION AND ADJOURNMENT**

**UPCOMING EVENTS**

Special District Conference	February 7-8, 2008
Master Plan Workshop	February 15, 2008
Drought Management Planning Workshop	February 15, 2008
ACWA 2008 Washington D.C. Conference	February 26-28, 2008
ACWA Spring Conference	May 6-9, 2008

MINUTES  
REGULAR MEETING OF THE  
BOARD OF DIRECTORS  
LAS VIRGENES MUNICIPAL WATER DISTRICT

December 11, 2007

1 The Board of Directors of Las Virgenes Municipal Water District met in Regular Meeting at 4232 Las Virgenes Road, in Calabasas, California, at 5:00 PM on Tuesday, December 11, 2007.

President Bowman called the meeting to order at 5:02 PM

Directors present: Directors Bowman, Caspary, Peterson and Renger were present. Director Smith attended the meeting via teleconference.

The Chair declared a quorum present.

2 General Manager Mundy requested agenda item 9 - IAWP Supply Reduction Plan be presented after 4B - Drought Planning Update. It was then moved by Director Peterson, seconded by Director Renger and carried unanimously, that the agenda for the Regular Meeting of December 11, 2007 be approved as amended.

3 Public Forum – No speaker cards were received from the public.

4 Illustrative and/or Verbal Presentation Agenda Items

A Legislative Update – None

B General Manager Mundy provided an update related to Drought Planning and an overview of the IAWP Supply Reduction Plan (Item 9); and it was then moved by Director Caspary, seconded by Director Renger, and carried unanimously, that the board affirm the IAWP Supply Reduction Plan as presented.

5 It was moved by Director Renger, seconded by President Bowman and carried unanimously that Consent Calendar Items 5A-5B be approved and adopted as presented.

A List of Demands – 12/11/07. APPROVE

B Directors' Per Diem for November 2007. RATIFY

6 Miscellaneous Report from Treasurer – None.

7 A 2007 Seasonal Run Report Westlake Filtration Plant and Las Virgenes Reservoir – it was moved by Director Renger, seconded by Director Peterson, and carried unanimously, that the board receive and file LVMWD Report No. 2397.00, "2007 Seasonal Run Report, Westlake Filtration Plant and Las Virgenes Reservoir."

B Landscape Maintenance of District Facilities – it was moved by Director Renger, seconded by Director Caspary, and carried unanimously, that the board approve a contract extension with Villa Esperanza through December 30, 2008 at the same terms and conditions (\$4,550 per month).

C Tapia Water Reclamation Facility Recirculation Pump Failures – Waive Formal Bidding – it was moved by Director Peterson, seconded by President Bowman, and carried unanimously, that the board waive formal bidding for the repair or replacement of the internal recirculation pumps at Tapia WRF.

D Purchase Order for Replacement of Pump #2 at Westlake – it was moved by Director Peterson, seconded by Director Caspary, and carried unanimously, that the board ratify the General Manager's approval of a purchase order to California Centrifugal Pump in the amount of \$45,083.

E Proposed New Job Classification – it was moved by Director Renger, seconded by Director Caspary, and carried unanimously, that the board approve the job classification for Electrical/Instrumentation Technician I/II.

F Request to Award Annual Purchase Orders – it was moved by Director Peterson, seconded by Director Renger, and carried unanimously, that the board authorize the General Manager to issue annual purchase orders for the period of January 1, 2008 through December 31, 2008 as delineated in Administrative Services Officer Eubanks memorandum of December 11, 2007.

8 Environmental Analyst – New Position – it was moved by Director Caspary, seconded by Director Peterson, and carried unanimously, that the board establish the position of Environmental Analyst and authorize the General Manager to advertise and recruit qualified applicants for the position.

9 IAWP Supply Reduction Plan – this agenda item was presented to the Board after 4B – Drought Planning Update.

10 A Organization Reports  
(1) MWD Representative Peterson provided an update regarding general business of Metropolitan Water District.

(2) Other – None

B Directors' Reports on Outside meetings – President Bowman provided the Board of Directors with a copy of notes from his attendance at the POWER and ACWA conferences; and provided a verbal report of his attendance at the Delta Vision Workshop. Director Renger provided the Board of Directors with a copy of his notes from the ACWA conference and Delta Vision Workshop he attended. Director Caspary provided a verbal report on his attendance at the Santa Monica Bay Restoration Foundation Commission meeting.

C Information Items - Regional Household Hazardous Waste Drop Off Facility

D General Manager Reports - General Manager Mundy provided the Board with an update pertaining to the end of creek avoidance, cutbacks in water usage for commercial, residential and Ag customers; and stated the Regular Board Meeting scheduled for 12/25/2007 will be cancelled due to a lack of quorum.

11 Future Agenda items/Director Comments – None

12 Public Forum – No speaker cards were received from the public.

13 Closed Session - Legal Counsel Lemieux stated there was nothing to report in closed session, so the session can be cancelled.

14 The Chair declared the meeting adjourned at 6:01 p.m.

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JOSEPH M. BOWMAN, President  
Board of Directors  
Las Virgenes Municipal Water District

ATTEST:

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JEFFERY A. SMITH, Secretary  
Board of Directors  
Las Virgenes Municipal Water District

(SEAL)



January 22, 2008 Board Meeting

TO: Board of Directors  
FROM: Finance and Administration

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**Subject Investment Review for the Fourth Quarter 2007**

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**SUMMARY**

A list of investments as of December 31, 2007 is presented for Board review. The total interest for the quarter is \$1,057,267.59. The average weighted portfolio duration excluding LAIF, reserve fund and money market fund is 1,291 days. The longer duration is due to the purchase of some five-year securities, which was to lock in higher interest rates on safe investments before rates fell. The investment portfolio includes Joint Powers Authority funds in the amount of \$4,721,651.69, of which \$2,813,364.54 belongs to Las Virgenes. Of the total investments, \$12 million is restricted by Statue, \$9.0 million is prepaid development fees, \$4 million is restricted by bond covenants, and \$52 million is set aside for board approved reserves, including reserves for future maintenance and replacement of major capital assets.

**RECOMMENDATION**

Receive and file.

**DISCUSSION**

During this quarter, staff increased the investment in LAIF as the interest rates declined and the investment yields for federal agency discount notes and coupon notes are lower than that of LAIF. Investments as of December 31, 2007 include the following:

LAIF – General	\$36,868,737
LAIF - Reserve Fund	3,878,187
Government Agency Notes:	
Maturing in 2008	1,000,000
Maturing in 2009	1,000,000
Maturing in 2010 or later	37,997,466
Treasury Inflation-Protected Securities	1,000,674
U.S. Treasury Money Market Fund	924,349
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Total	\$82,669,413

These investments generated interest of \$1,057,267.59 for the quarter. Investment portfolio ratios were as follows:

Investments in LAIF	49.29%
Callable Federal Agency Notes	45.96
Federal Agency Discount/Coupon Notes	2.42
Treasury Inflation-Protected Securities	1.21
US Treasury Money Market Fund	1.12
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Total	100.0%

Violet Liou, Finance Manager prepared this report.

Sandra Schmidt 01-15-08  
Sandra Schmidt Date  
Director, Finance and Administration

John R. Mundy 1/17/08  
John R. Mundy Date  
General Manager

I hereby certify that the foregoing is true and correct  
to the best of my knowledge.

\_\_\_\_\_  
Charles Caspary Date  
Treasurer







ORDINANCE NO. 01-08-253

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF LAS VIRGENES  
MUNICIPAL WATER DISTRICT AS RELATES TO STANDBY CHARGES FOR  
THE FISCAL YEAR COMMENCING JULY 1, 2008**

**BE IT ORDAINED BY THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT** as follows:

**Section 1. Purpose**

This ordinance fixes and continues a standby charge to be levied against each lot or parcel within the district for the fiscal year commencing July 1, 2008, for the purpose of financing the district's potable water replacement program. This charge is imposed pursuant to the Municipal Water District Law.

**Section 2. Findings**

The Board of Directors finds, determines and declares as follows:

- (a) The board has provided a duly published and mailed notice of public hearing and has conducted a public hearing to consider adoption of a standby assessment;
- (b) The board has considered the written and oral comments presented by interested parties concerning the assessment;
- (c) The district has approved a categorical exemption for the project under the California Environmental Quality Act;
- (d) The standby assessment will be used to pay for a portion of the cost of the potable water replacement programs instituted by the district;
- (e) It is in the best interests of the district and the community which it serves to pay for a portion of water programs from the proceeds of standby assessments because landowners benefit from maintaining available water supply.

**Section 3. Standby Charge**

An annual standby charge in the amount of \$10.00 per acre for parcels over one acre, and \$10.00 for each parcel of land of less than one acre is hereby levied against all land within the district for the fiscal year commencing July 1, 2008. A description of the lands (by assessor parcel number) affected by the assessment is on file with the secretary.

**Section 4. Collection**

The Board of Supervisors and Auditor of the County of Los Angeles are hereby directed to levy, collect and remit to the district this standby charge at the time and in the manner required by law for the levying of taxes for county purposes.

**Section 5. Deferrals**

- (a) A property owner may request a complete or partial deferral from the standby charge by filing a written request by April 1st during the fiscal year for which the deferral is sought. The deferral shall be processed and evaluated in accordance with this section.

(b) The following property is eligible for deferral:

(i) Property owned and occupied by a federal, state or local governmental agency.

(ii) Property permanently dedicated to open-space.

(iii) Property which cannot use water supplied by the district due to restrictions imposed by deed or governmental agencies with land use jurisdiction.

(iv) Property which cannot reasonably be expected to derive any benefit from facilities constructed with the proceeds of the water standby charge.

(c) If the general manager approves the request, the charges paid by the applicant shall be refunded and no charge shall be levied for subsequent years. The applicant shall execute an agreement to repay the charges with interest if the property ceases to be eligible for the deferral. The agreement shall be recorded.

(d) If the general manager denies the request, the applicant may appeal denial of the deferral by the general manager by filing a written request for review within 10-days after the general manager's decision. The board shall promptly consider the request for review. The decision of the board shall be final.

(e) The general manager shall adopt reasonable rules and regulations to implement this section.

**PASSED, APPROVED and ADOPTED** this 22<sup>nd</sup> day of January 2008.

\_\_\_\_\_  
Joseph M. Bowman  
President

ATTEST:

\_\_\_\_\_  
Jeffery A. Smith  
Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Wayne K. Lemieux  
District Counsel

(SEAL)



January 22, 2008 Board Meeting

TO: Board of Directors  
FROM: Finance and Administration

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Subject **SECOND QUARTER FINANCIAL REVIEW AND SPOTLIGHT ON LVMWD**

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**SUMMARY**

A review of the financial statements for the second quarter of FY07-08 shows the impact of the dry weather conditions through December, which have a more significant impact at this point than the rate changes that were first issued in November. Potable Water is over year-to-date budget due to having to buy more water at tier two rates and Recycled Water is over budget due to purchasing more water from the JPA at the same rate, but additional water revenue in both enterprises is enough to cover the differences. Sanitation rate increases are not as apparent as they will be in later reports.

**RECOMMENDATION**

Receive and file.

**DISCUSSION**

The following table provides a pictorial comparison between the first quarter of FY07-08 with the same period in FY06-07 ("Prior Year") and the budget for the first quarter of the current year ("Budget").

The amount in the **Actual** column represents what has been received or spent in the first quarter. This agrees with the amount shown on the attached schedules for each enterprise. The **Prior Year** column represents the *difference* between what has been received or spent in the current year with what was received or spent for the same period in the prior year. The actual prior year amount is shown in the attached schedules by enterprise. This table is meant to highlight the difference and shows whether the difference is positive (example: revenue is greater than last year, or expenses are less than last year) or negative (example: revenue is less than last year, or expenses are higher than last year).

The **Budget** column represents the *difference* between what has been received or spent in the current year with what was budgeted for this period. The actual budget amount is shown in the attached schedules by enterprise. This table is meant to highlight the difference and shows whether the difference is positive

(example: revenue is greater than budget, or expenses are less than budget) or negative (example: revenue is less than budget, or expenses are higher than budget).

Interest income is not shown on the attached schedules, but is reported in the quarterly and monthly investment reports to the Board.

	Actual	Prior Year	Budget
Potable Water Revenues	\$13,701,784	P \$327,972	P \$1,125,288
Potable Water Expenses	\$13,211,876	N \$1,117,703	N \$759,477
Recycled Water Revenues	\$3,526,399	P \$260,006	P \$90,608
Recycled Water Expenses	\$1,287,369	P \$295,765	N \$14,557
Sanitation Revenues	\$6,072,086	P \$569,317	P \$184,518
Sanitation Expenses	\$5,365,331	N \$519,853	P \$307,931
Interest Income	\$1,998,786	P \$72,819	P \$394,786
Capacity Fee Income	\$892,731	N \$1,232,138	N \$786,197
Capital Project Expenses	\$1,715,750	P \$2,390,328	P \$4,123,750

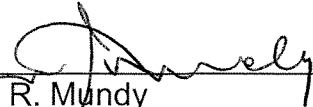
**Potable Water** has spent more than \$1 million for source of supply than what was anticipated in the budget for this time of year, but this was somewhat abated by lower than expected expenses for operations and maintenance and administrative expenses. Also, additional sales of potable water covered the increased cost. **Recycled Water** expenses are slightly over budget due to the higher than anticipated use of potable water supplement, but much lower than expenses at the same time last year due to the lower rate for recycled water charged by the JPA.

**Sanitation** revenue and expenses are close to expectations. The revenue increases from new sanitation rates will be more evident later in the fiscal year.

**Interest income** is higher than expected due to higher than anticipated rates for the first part of the fiscal year. However, rates have dropped and this level of income is not likely to continue, although the impact will be gradual rather than a significant drop due to the investment mix in the district portfolio.

**Capacity fee income** and **capital project expenses** vary greatly from year to year and are difficult to project.

This report was prepared by Sandra Schmidt and Violet Liou. Marsha Eubanks prepared the Spotlight on LVMWD.

  
\_\_\_\_\_  
John R. Mundy                      1/16/08  
General Manager                      Date

Attachment: Second Quarter Financial Review  
Spotlight on LVMWD



**January 22, 2008 Board Meeting**

TO: Board of Directors  
FROM: Finance and Administration

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**Subject** Annual Review of Investment Policy

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**SUMMARY**

The Government Code requires that the Board review the District Investment Policy each year. Staff has recommended minor changes to the investment policy that are basically housekeeping items. One change is to bring the Administrative Code in line with the Government Code by adding that no more than 10 percent of the total investments held by a local agency may be invested in any one issuer's commercial paper (since the District has not invested in commercial paper in years, this has no immediate impact but ensures future compliance). The other change is to eliminate the requirement that financial institutions, brokers and dealers who desire to become qualified bidders for investment transactions must supply the District with trading resolutions and depository contracts. Both trading resolutions and depository contracts are no longer used by the industry and consequently cannot be provided. The current requirements for audited financial statements, proof of National Association of Security Dealers certification and proof of California registration is adequate for qualification purposes.

At the Board meeting in which the investment policy is reviewed, staff presents the proposed investment strategies for the year. The strategy works within the investment policy parameters. For 2008, staff proposes a change to the investment strategy. Currently the strategy is "Maintain the average life of the investment portfolio up to three years, if warranted, excluding Local Agency Investment Fund (LAIF)." Staff requests that the strategy be changed from excluding LAIF to including LAIF, which provides a more accurate picture of our liquidity factor.

**RECOMMENDATION**

- Approve Resolution No. 01-08-2378 as it relates to the investment policy.
- Approve the change to the investment strategy to allow the average life of the investment portfolio now be shown as up to three years if warranted, including the Local Agency Investment Fund.

**DISCUSSION**

The District's investment policy is more conservative in types of investment than what is allowed in the Government Code. The changes proposed by staff this year are to bring the District policy in line with the recent restriction on commercial paper from one issuer (this agrees with our conservative approach) and eliminates requirements for documents that are no longer industry standard from financial institutions, brokers and dealers (a matter of concern for our auditors).

8B



In light of current economic conditions, staff proposes to continue our current conservative investment strategy used since 2004 except for one change that recognizes the impact of the next-day availability of funds in LAIF has on the average life of the district portfolio.

1. Maintain the average life of the investment portfolio up to three years, if warranted, **including** Local Agency Investment Fund. This allows us to purchase some five-year instruments, if these are the best investments available, and gain some stability in our portfolio.
2. Continue investments in individual government securities up to five years.
3. Continue to invest in callable securities as appropriate to improve the portfolio's return.
4. Invest in commercial paper and bankers' acceptances as appropriate (note: bankers' acceptances have not been available for years, and staff has not identified any commercial paper as appropriate. It is highly unlikely that any investment will be made in either category in 2008).

In 2002, a new product was introduced in the market – Lehman Ishares (brand name, not a typo) 1-3 Year Treasury Bond Fund, which is an index fund designed to approximate the total rate of return of the short-term sector of the United States Treasury market. Previously, the Board agreed to use this fund as a benchmark to compare our return of the portfolio to this fund. The following table shows a comparison as of December 31, 2007.

Comparison of Treasury Bond Index, Ishares Treasury Bond Index, and LVMWD Investment Return at December 31, 2007			
	Treasury Bond Index	Ishares Treasury Bond Index	LVMWD Investment Return
1 to 3 Year Index	<b>7.31%</b>	<b>7.34%</b>	<b>5.3%</b>
Weighted Average Maturity	<b>1.80 years</b>	<b>1.78 years</b>	<b>2.05 years</b>

The higher return in both Treasury Bond Index and Ishares Treasury Bond Index is due to high demands in the highest-rated quality issues (ie treasury securities) as the result of sub-prime mortgage meltdown. Higher demands in treasury bonds result in a higher price of treasury bonds, and therefore a higher return. The distribution yields for Treasury Bond Index and Ishares Treasury Bond Index are 4.12% and 3.99%, respectively, as compared to 5.3% for the District.

#### **Authorized Financial Dealers and Institutions**

Our investment policy requires staff to maintain a list of financial institutions authorized to provide investment services. These may include primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (Uniform net capital rule). These financial institutions are selected by credit worthiness and are authorized to provide investment services in California.

Currently, the District obtains investments from the following financial institutions:


1. Bank of America
2. Citigroup


3. Morgan Keegan
4. Union Bank of California
5. Wells Fargo

These financial institutions meet all of the criteria in our investment policy and staff is pleased with their services. Staff recommends that the District continue to do business with these financial institutions in 2008. We believe that the five dealers listed above are sufficient to meet our operating needs. In addition, dealing with more than five brokers may affect our operating efficiency. If there are additional investment needs or one of the brokers drop out of the market, then other financial institutions may be evaluated.

Sandra Schmidt, Director of Finance and Administration, and Violet Liou, Finance Manager, prepared this report.

Attached: Resolution No. 01-08-2378 (Investment Policy)

  
John R. Mundy  
General Manager

  
Date

**RESOLUTION NO. 01-08-2378**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT AMENDING THE LAS VIRGENES CODE AS IT RELATES TO THE INVESTMENT POLICY OF THE DISTRICT**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LAS VIRGENES MUNICIPAL WATER DISTRICT** as follows:

**Section 1. Purpose.**

This resolution amends the Las Virgenes Code to update the District's investment policy.

**Section 2. Amendment.**

Section 2-5.607 of the Las Virgenes Code is amended to and reenacted to read as follows:

**"2-5.607 Authorized Investments**

(a) The following investments are authorized.

(1) United States Treasury Bills, Bonds and Notes, or those mutual funds for which the full faith and credit of the United States is pledged for payment of principal and interest.

(2) Obligations issued by the United States Government Agencies such as the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA) and the Student Loan Marketing Association (SLMA) and mutual funds that consist of these obligations.

(3) Bankers' Acceptances which are bills of exchange or time drafts drawn on and accepted by commercial banks. These shall have a term not to exceed 180 days. No more than 10% of the market value of the portfolio may be invested in banker's acceptances.

(4) Time deposits, non-negotiable and collateralized in accordance with the Government Code in those U.S. banks and saving and loan associations that meet the requirements as evaluated by a nationally recognized statistical rating organization (NSRO) as designated by the Securities and Exchange Commission, for the qualitative and quantitative analysis of financial institutions. The issuer firm should have been in existence for at least five years. The district may waive the first \$100,000 of collateral security for such deposits if the institution is insured pursuant to federal law. To secure such deposits, an institution shall maintain in the collateral pool securities have a market value of at least 10% in excess of the total amount deposited. Real estate mortgages may not be accepted as collateral. The maximum term for deposits shall be one year. In general, the issuer must have a minimum tier one risk-based capital ratio of 6% as determined by the FDIC and their operation must have been profitable during their last reporting period. No more than 25% of the market value of the portfolio may be vested in time deposits.

(5) Repurchase agreements with banks and dealers with which the district has entered into a master repurchase contract that specifies terms and conditions of repurchase agreements. The transactions shall be limited to

primary dealers and the top twenty-five U.S. banking institutions according to asset size. The maturity of repurchase agreements shall not exceed thirty days. The market value of the securities used as collateral for repurchase agreements shall be monitored daily by the investment staff and will not be allowed to fall below 100% of the value of the repurchase agreement. In order to conform with provisions of the Federal Bankruptcy Code, which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, eligible banker's acceptances, or securities that are either direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States. A perfected security interest shall always be maintained in the securities subject to a repurchase agreement. No more than 10% of the market value of the portfolio may be invested in repurchase agreements.

(6) Commercial paper ranked P1 by Moody's Investor Services and A1 by Standard and Poor's, and issued by a domestic corporation having assets in excess of \$500 million and having an A or better rating on its long-term debentures as provided by Moody's or Standard and Poor's. Purchases of commercial paper may not exceed 180 days to maturity. The market value of the commercial paper shall not exceed 10% of the market value of the portfolio. ***No more than 10% of the market value of the portfolio may be invested in any one issuer's commercial paper.***

(7) Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum amount permitted by law.

(b) Ineligible investments include, but are not limited to, common stocks and corporate bonds, inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages and mutual funds. The use of derivatives, options, futures or buying on margin is also specifically prohibited. Securities that could result in zero interest accrual if held to maturity are ineligible. Security transactions shall be conducted on delivery-versus-payment basis. Securities purchased or acquired by the district shall be held in safekeeping by a third party only pursuant to a custodial agreement as required by Government Code §53601."

### **Section 3. Amendment.**

Section 2-5.609 of the Las Virgenes Code is amended and reenacted to read as follows:

#### **"2-5.609 Authorized Financial Dealers and Institutions**

(a) The Director of Finance and Administration 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 California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in qualified public depository as established by state laws.

(b) Financial institutions, brokers and dealers who desire to become qualified bidders for investment transactions must supply the district with the following:

- Audited financial statements

- Proof of National Association of Security Dealers (NASD) certification
- ~~Trading Resolution~~
- Proof of California registration
- ~~Depository contracts~~

(c) Each financial institution must certify to the district in writing that it has received a read a copy of the district's Investment Policy and that it will comply with that policy in its investment recommendations to the district.

(d) A current audited financial statement is required to be on file for each financial institution, brokers and dealers through which the district invests."

**Section 4. Other.**

Except as provided herein, the Las Virgenes Code is reaffirmed and readopted.

\_\_\_\_\_  
President

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
District Counsel

(SEAL)





January 22, 2008 Board Meeting

TO: Board of Directors  
FROM: Facilities and Operations

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**Subject: Tapia Water Reclamation Facility BNR Project Call For Bids:**  
**-Biological Nutrient Reduction Project Phase I**  
**-Centrate Treatment Project**

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Las Virgenes Municipal Water District (LVMWD) and Triunfo Sanitation District Joint Powers Authority have approved funding for this matter in the Joint Powers Authority Budget. This recommendation is before the LVMWD Board of Directors for action, as administering agent, as authorized under the Joint Powers Authority Agreement.

**SUMMARY**

At the April 4, 2007 JPA meeting, the design of the Tapia Biological Nutrient Reduction (BNR) Project was awarded to Boyle Engineering. The BNR Project consists of a large scope of work located at different sites and therefore was broken down into three distinct projects (Centrate Treatment, Biological Nutrient Reduction and Capacity Equalization). The Centrate Treatment and Biological Nutrient Reduction have completed plans and specifications and are ready for bids.

The Centrate Treatment modifies existing equipment so that the centrate generated at the Rancho Las Virgenes Composting Facility can be treated to remove nitrogen. The scope of work for this project includes the installation of a jet aeration system in the "farm" tanks to provide mixing and aeration to the centrate. Ancillary equipment for centrate treatment includes pumps, blowers, meters, probes, piping modifications, site work and electrical and controls modifications. A purchase order in an amount not to exceed \$293,400 for the pre-purchase of a jet aeration system was authorized by the JPA Board at their January 7, 2008 meeting.

The Biological Nutrient Reduction consists of improvements to existing facilities at the Tapia Water Reclamation Facility to enhance the removal of nitrogen during wastewater treatment. Tasks within this project include: modifications to the existing aeration system and the baffle walls in the RAS treatment tanks, the addition of safety railing, piping modifications and replacement of flights and chains in secondary clarifiers, the replacement of miscellaneous gates throughout the secondary treatment tanks and installation of pumps and piping in the six aeration basins. Some of the tasks are expected to be completed during the summer months when Tapia's discharge is used for irrigation through the recycled water system and not flowing to the creek or river. During these months, aeration basins can be taken out of service to allow for the installation of pipes and pumps. A purchase order in an amount not to exceed \$346,600 for the pre-purchase of swing arm diffusers was authorized by the JPA Board at their December 3, 2007 meeting.

The Capacity Equalization will consist of modifying the existing digesters in order to accommodate peak flows at Tapia. This project is expected to be ready for bids in late 2008.

There are three pre-qualified contractors to solicit bids from for these projects. Boyle Engineering has completed the plans and specifications for the Tapia Biological Nutrient Reduction Project and the Centrate Treatment Project and they will be ready to send to the pre-qualified contractors to solicit bids.

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**RECOMMENDATIONS**

- Authorize a Call for Bids in accordance with the project specifications for The Tapia Water Reclamation Facility BNR Project Biological Nutrient Reduction Project.
- Authorize a Call for Bids in accordance with the project specifications for The Tapia Water Reclamation Facility BNR Project Centrate Treatment Project.

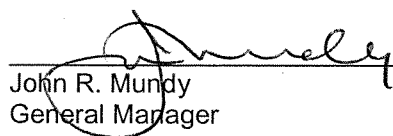
**FINANCIAL IMPACT**

The Fiscal Year 07-08 Budget provides funding for 8 mg/L Nitrogen Compliance Tapia WRF under CIP Job # 10184 in the amount of \$4,576,829. The preliminary estimated cost of construction for the Centrate Treatment Project is \$1,250,000 and \$1,980,000 for the BNR Project Biological Nutrient Reduction Project Phase I.

Brett Dingman, Assistant Engineer, prepared this report.

 1/16/08  
\_\_\_\_\_  
Date

David R. Lippman  
Director of Facilities and Operations

 1/16/08  
\_\_\_\_\_  
Date

John R. Mundy  
General Manager





January 22, 2008 Board Meeting

TO: Board of Directors  
FROM: Facilities and Operations


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**Subject**      **Consultant Contracts Given Administrative Approval  
For the Three Month Period Ending December 31, 2007**

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<b>Boyle Engineering Corp.</b> WO 10370, PW Pipeline in Mulholland, Construction Services, 10/11/2007	\$9,989.00
<b>ENSR Corporation</b> Acct. 101202.5425, Warner Tank Access Road, CEQA , 12/18/2007	\$9,400.00
<b>MSO Technologies</b> Acct. 751810.5425, CP-100 Controls, SCADA Programming 12/18/2007	\$6,000.00

Marsha Eubanks, Administrative Services Officer prepared this report.

  
\_\_\_\_\_  
David R. Lippman      1/14/08  
Director, Facilities and Operations      Date

  
\_\_\_\_\_  
John R. Mundy      1/16/08  
General Manager      Date

10CC(1)