

OTAY WATER DISTRICT
FINANCE, ADMINISTRATION AND COMMUNICATIONS
COMMITTEE MEETING
and
SPECIAL MEETING OF THE BOARD OF DIRECTORS

2554 SWEETWATER SPRINGS BOULEVARD
SPRING VALLEY, CALIFORNIA
BOARDROOM

MONDAY
August 23, 2010
11:30 A.M.

This is a District Committee meeting. This meeting is being posted as a special meeting in order to comply with the Brown Act (Government Code Section §54954.2) in the event that a quorum of the Board is present. Items will be deliberated, however, no formal board actions will be taken at this meeting. The committee makes recommendations to the full board for its consideration and formal action.

AGENDA

1. ROLL CALL
2. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

WORKSHOP

3. REVIEW OF ALL DISTRICT INSURANCE (SARNO) [15 minutes]

DISCUSSION ITEMS

4. REPORT ON DIRECTOR'S EXPENSES FOR THE 4TH QUARTER OF FISCAL YEAR 2010 (PRENDERGAST) [5 minutes]
5. RECEIVE THE DISTRICT'S INVESTMENT POLICY, POLICY 27, FOR REVIEW AND RE-DELEGATE THE AUTHORITY FOR ALL INVESTMENT RELATED ACTIVITIES TO THE CHIEF FINANCIAL OFFICER IN ACCORDANCE WITH GOVERNMENT CODE SECTION 53607 (CUDLIP) [5 minutes]
6. ADOPT RESOLUTION NO. 4165 IMPLEMENTING LOAN PROVISIONS FOR NATIONWIDE RETIREMENT SOLUTIONS AND ICMA RETIREMENT CORPORATION 457 DEFERRED COMPENSATION PLANS (WILLIAMSON) [5 minutes]

7. ADOPT ORDINANCE NO. 526 AMENDING SECTION 5, CONFLICT OF INTEREST CODE, OF THE DISTRICT'S CODE OF ORDINANCES TO EXPAND THE LIST OF POSITIONS REQUIRED TO FILE A FORM 700 (CALDERON) [5 minutes]
8. DENY MARIO LUZANO'S REQUEST TO BACK-DATE HIS CAPACITY FEE PRIOR TO THE JULY 1, 2010 FEE INCREASE (CHARLES) [5 minutes]
9. REPORT ON THE CURRENT STATUS OF COLLECTIONS ACTIVITY AND WRITE-OFFS (MENDEZ-SCHOMER) [5 minutes]
10. ADJOURNMENT

BOARD MEMBERS ATTENDING:
Jaime Bonilla, Chair
Larry Breitfelder

All items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

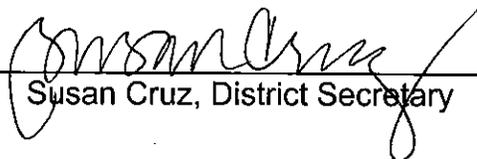
The Agenda, and any attachments containing written information, are available at the District's website at www.otaywater.gov. Written changes to any items to be considered at the open meeting, or to any attachments, will be posted on the District's website. Copies of the Agenda and all attachments are also available through the District Secretary by contacting her at (619) 670-2280.

If you have any disability which would require accommodation in order to enable you to participate in this meeting, please call the District Secretary at 670-2280 at least 24 hours prior to the meeting.

Certification of Posting

I certify that on August 20, 2010 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of Otay Water District, said time being at least 24 hours in advance of the meeting of the Board of Directors (Government Code Section §54954.2).

Executed at Spring Valley, California on August 20, 2010.



Susan Cruz, District Secretary



AGENDA ITEM 3

STAFF REPORT

TYPE MEETING:	Finance, Administration, and Communications Committee	MEETING DATE:	September 1, 2010
SUBMITTED BY:	Kelli Williamson,  Human Resources Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno, Chief  Administrative Services		
APPROVED BY: (Asst. GM):	German Alvarez  Assistant General Manager Finance and Administration		
SUBJECT:	BRIEFING ON INSURANCE		

GENERAL MANAGER'S RECOMMENDATION:

No recommendation. This is an informational item only.

PURPOSE:

To present information and provide a general overview of the District's insurance coverages.

ANALYSIS:

Staff has prepared an overview of insurance coverages presented by the District's Property and Liability and Workers' Compensation carrier, Special District Risk Management Authority, and the District's Benefits Broker, Willis.

FISCAL IMPACT:

None.

STRATEGIC GOAL:

District's FY 09-11 Strategic Plan related to "Retaining a Dedicated Workforce."

LEGAL IMPACT:

None.

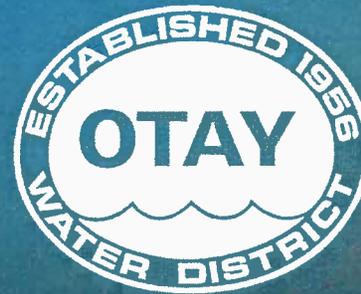


Mark Watton
General Manager

Attachments:

Attachment A - PowerPoint Presentation

Briefing on Insurance



Finance, Administration & Communications
Committee Meeting

August 23, 2010

Agenda

- Property & Liability
- Workers' Compensation
- Health Insurance & Other Health Related Plans
- Other Coverage (EAP, Life & AD&D)

Dennis Timoney Chief Risk Officer



Property & Liability

TYPE OF COVERAGE	LIMITS	
GENERAL LIABILITY		
Personal Injury and Property Damage Occurrence Form	Per Occurrence	\$10,000,000
	Property Damage Deductible	\$500
PUBLIC OFFICIALS AND EMPLOYEES ERRORS		
Occurrence Form	Per Occurrence	\$10,000,000
	General Aggregate	\$10,000,000
PERSONAL LIABILITY COVERAGE FOR BOARD MEMBERS		
Occurrence Form	Per Occurrence	\$500,000
	General Aggregate	\$500,000
	Deductible	\$500
EMPLOYMENT PRACTICES LIABILITY		
Occurrence Form	Per Occurrence	\$10,000,000
	General Aggregate	\$10,000,000
EMPLOYEE BENEFITS LIABILITY		
Occurrence Form	Per Occurrence	\$10,000,000
	General Aggregate	\$10,000,000
EMPLOYEE DISHONESTY COVERAGE		
	Per Occurrence	\$400,000

Property & Liability

TYPE OF COVERAGE	LIMITS	
AUTO LIABILITY		
Personal Injury and Property Damage	Per Occurrence	\$10,000,000
	Property Damage Deductible	\$1,000
AUTO PHYSICAL DAMAGE	On File	
UNINSURED/UNDERINSURED MOTORISTS		
	Each Accident	\$1,000,000
TRAILER COVERAGE	On File	
PROPERTY COVERAGE		
Includes Fire, Theft and Flood Property Damage	Each Occurrence	\$1,000,000,000
	Property Damage Deductible	See Coverage Docs
	Replacement Cost for Scheduled Property	
BOILER AND MACHINERY COVERAGE		
	Each Occurrence	\$100,000,000
	Deductible	See Coverage Docs
	Replacement Cost for Scheduled Property	
WORKERS' COMP		
A. Statutory Workers' Comp	Each Occurrence	Statutory
B. Employers' Liability Coverage	Each Occurrence	\$5,000,000

Workers' Compensation

- Workers' Compensation
 - ✓ TPA -- York Insurance
 - ✓ Injury/Illness -- Statutory Limits
 - ✓ Employers' Liability Coverage -- \$5,000,000

- Other Coverage:
 - Endorsements
 - ✓ Inverse Condemnation Coverage

MemberPlus Services

- As a member of SDRMA, the following services are provided at no additional cost:
 - ✓ Online MemberPlus Service Portal
 - ✓ Online Certified Safety Training Program
 - ✓ Risk Management, Administrative and Technical Assistance
 - ✓ Safety, Claims Handling and Risk Reduction Training
 - ✓ Loss Prevention and Safety Programs
 - ✓ Policy Manuals on Safety and Risk Management Issues
 - ✓ Contract Review and Transfer of Risk Analysis
 - ✓ DMV Record Review and Notification
 - ✓ Special Events Liability Assistance
 - ✓ Monthly Safety Management Meeting Materials

MemberPlus Services

(continued)

- As a member of SDRMA, the following services are provided at no additional cost:
 - ✓ Occupational Safety and Health Program
 - ✓ Hazard Identification Survey Manual
 - ✓ Comprehensive Safety Report and Analysis
 - ✓ Monthly Review of Claims Loss Reports
 - ✓ Ergonomic Evaluations of Work Areas
 - ✓ On-site Safety Inspections by Certified Safety Professional
 - ✓ Safety and Risk Management Videotape/DVD Library
 - ✓ Credit Incentive Program (up to 15% premium discount)
 - ✓ “No Claims” Credit Bonus

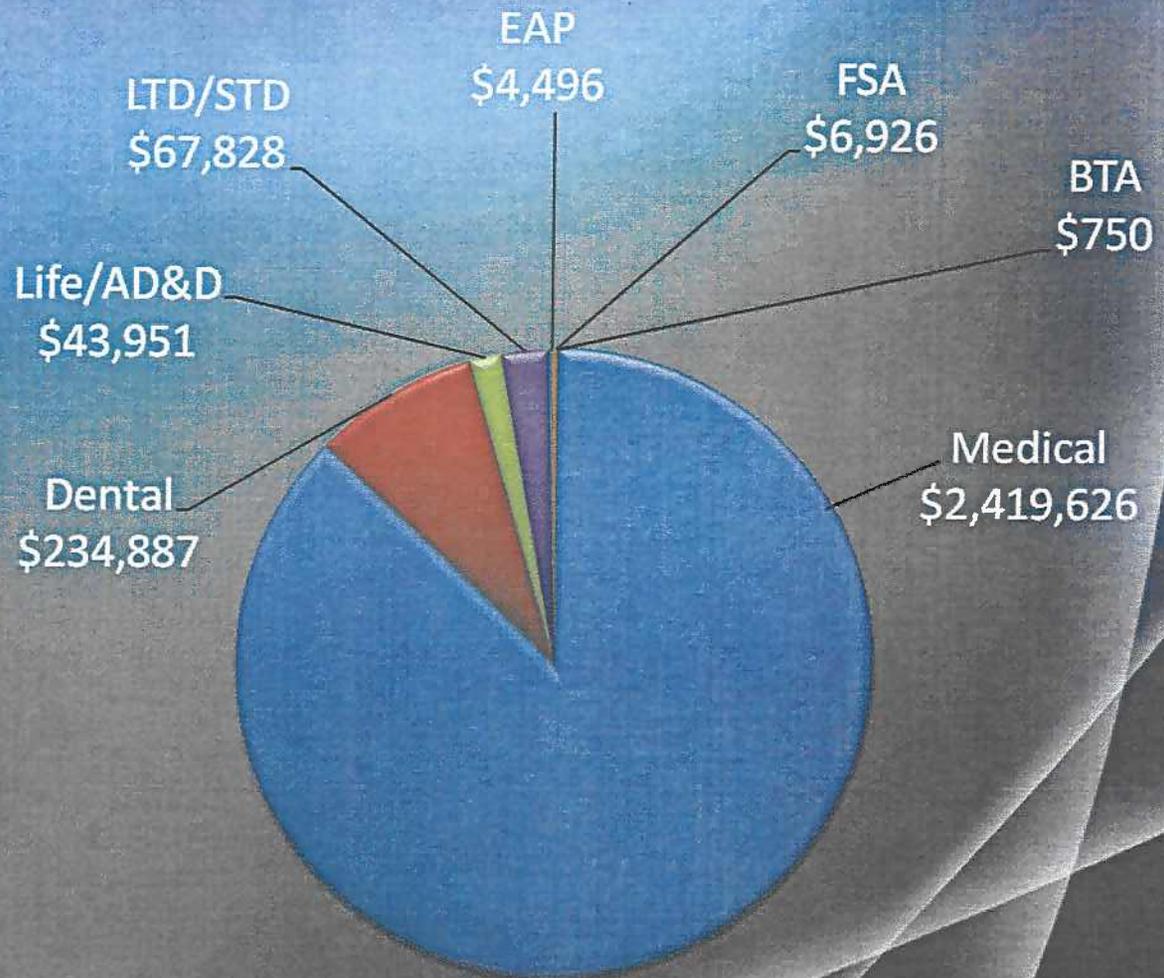
Megan Buzbee
Account Executive

The Willis logo is presented in a white, sans-serif font within a dark rectangular box. The background of the entire slide is a blue gradient with abstract, overlapping curved shapes in shades of blue and grey on the right side.

Willis

2010 Total Costs by Dollar Amount

- Medical
- Dental
- Life/Accidental Death & Dismemberment
- Long-Term Disability/Short-term Disability
- Employee Assistance Program
- Flexible Spending Accounts
- Business Travel Accident Program



2010 Costs: \$2,778,464

Per Employee Per Year: \$11,746

Current Benefits

Current Benefits – Medical HMO

BLUE SHIELD

General Plan Information	HMO Providers
Annual Out-of-Pocket Limit (excludes deductible)	\$1,500 per person \$3,000 per family
Primary Care Physician Office Visits	\$15 copay (no deductible)
Specialty Physician Self-Referred Consultation Authorized Office Visits	\$30 copay (no deductible) \$15 copay (no deductible)
Hospital Services	
Semi-Private Room & Board; Including Services & Supplies	100%
Outpatient Facility Charge	100%
Emergency & Urgent Services	
Emergency Room	\$50 copay <i>(waived if admitted)</i>
Ambulance	\$50 copay
Urgent Care	\$50 copay (outside your Physician area) \$15 copay (within the Physician area)
Prescription Drug Benefits (Blue Shield)	
<u>Retail</u>	
Generic	\$5 copay
Brand**	\$10 copay
Non-Formulary	\$25 copay

Current Benefits – Medical EPO

BLUE SHIELD	
General Plan Information	EPO Providers
Annual Deductible	\$300 per person \$600 per family
Coinsurance (unless otherwise stated)	100%
Hospital Services	
Semi-Private Room & Board; Including Services & Supplies	100%
Outpatient Facility Charge	100%
Emergency & Urgent Services	
Emergency Room	\$100 copay <i>(waived if admitted)</i>
Ambulance	\$50 copay
Urgent Care	\$30 copay (if free standing UC Center) \$100 copay (if affiliated with Hospital)
Prescription Drug Benefits (Medco)	
<u>Retail</u>	
Generic	\$10 copay
Brand**	\$20 copay
Non-Formulary	\$45 copay

Current Benefits – Medical PPO

BLUE SHIELD (GOLD) PPO		
General Plan Information	In-Network Providers	Out-of-Network Providers
Annual Deductible	\$500 individual \$1,000 per family	
Coinsurance (unless otherwise stated)	80% or copay	50% UCR
Lifetime Plan Maximum	\$5,000,000	
Physician Office Visits	\$20 copay per visit (deductible waived)	50% UCR
Inpatient Hospital	80%	50% / \$600 per day
Outpatient Surgery	80%	50% / \$350 per day
Emergency & Urgent Services		
Emergency Room	80% after \$50 copay (copay waived if admitted)	
Ambulance Services	80%	80%
Urgent Care Facility	\$20 copay	50% UCR
Prescription Drug Benefits (Medco)		
Generic	\$5 copay	
Brand	\$15 copay	
Non-Formulary	\$45 copay	

Current Benefits – Dental

DELTA HEALTH SYSTEMS

General Plan Information	In-Network Benefits PPO Dentist	Out-of-Network Benefits Non-PPO Dentist
Annual Deductible	\$50 individual/\$150 family (waived for preventative)	
Annual Plan Maximum	\$1,500 per person	
Diagnostic & Preventive Services		
Oral Exams (2 exams/cleanings per calendar year)	100%	100%
Bitewing X-Rays (2 films per calendar year)	100%	100%
Cleaning (2 exams/cleanings per calendar year)	100%	100%
Basic Services		
Oral Surgery: Extractions & other surgical procedures	90%	80%
Restorative: Amalgam, Silicate & Composite Restorations (fillings)	90%	80%
Endodontic & Periodontic Services	90%	80%
Major Services		
Crowns, Jackets & Gold Restoration Benefits	60%	50%
Prosthetic Benefits (fixed bridges, partial/complete dentures)	60%	50%
Orthodontia Services		
Orthodontia (No Age Limit)	\$50 per year per person	Not Covered

Current Benefits – Life/AD&D

UNITED HEALTHCARE

General Plan Information

Life Benefit Amount -- Guarantee Issue Limit:

<u>Class 1:</u> All Active Full Time Executives	2 x Basic Annual Earnings to the next higher \$1,000 -- \$800,000
<u>Class 2:</u> All Active Full Time Managers	2 x Basic Annual Earnings to the next higher \$1,000 -- \$600,000
<u>Class 3:</u> All Active Full Time Supervisors & Confidential Employees	2 x Basic Annual Earnings to the next higher \$1,000 -- \$600,000
<u>Class 4:</u> All Active Full Time Board Members	\$65,000 -- \$65,000
<u>Class 5:</u> All Active Part Time Employees	\$15,000 -- \$15,000
<u>Class 7:</u> All Active Full Time Employees Earning Between \$20,000 and \$30,000 Annually	\$30,000 -- \$30,000
<u>Class 8:</u> All Active Full Time Employees Earning Between \$30,000 and \$40,000 Annually	\$40,000 -- \$40,000
<u>Class 9:</u> All Active Full Time Employees Earning More Than \$40,000	\$50,000 -- \$50,000
<u>Class 10:</u> Retired Employees	\$3,000 -- Life Insurance Only
<u>Benefit Maximums:</u> II. Eligible Employees in All Classes	Benefit Maximums equal stated Guarantee Issue Amounts Above

Current Benefits

Short Term & Long Term Disability

UNUM

General Plan Information

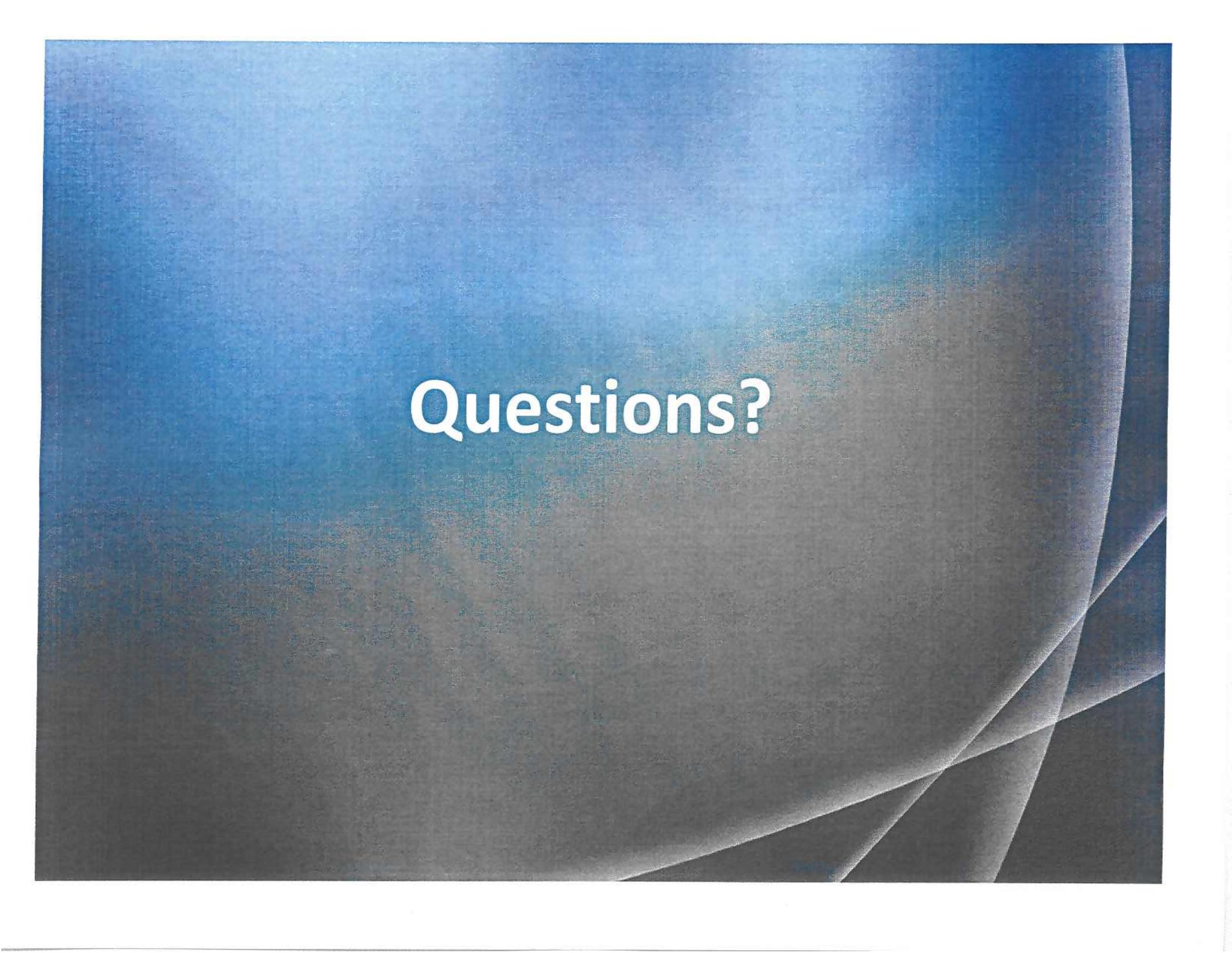
Benefit Percentage	66.67% of monthly earnings
Benefit Maximum	\$2,770 weekly for Short Term Disability (STD) \$12,000 monthly for Long Term Disability (LTD)
Benefit Minimum	\$25 weekly for STD \$100 or 10% of your gross disability payment for LTD

Definitions

Covered Monthly Earnings:	Your gross monthly income from Otay in effect just prior to your date of disability. It includes your total income before taxes, but does not include deductions made for pre-tax contributions to a qualified deferred comp plan, Section 125, or FSA.
Elimination Period:	<p><u>Short Term:</u> 30 days for disability due to an occupational injury or sickness</p> <p><u>Long Term:</u> The later of 90 days or the date your insured Short Term Disability payments end, if applicable.</p> <p>Benefits begin the day after the elimination period is completed.</p>

Current Benefits – Additional Plans

Line of Coverage	Benefit Description
Employee Assistance Plans	6 sessions per incident
Flexible Spending Accounts	Health Care Reimbursement \$5,000 Maximum Dependent Care Reimbursement \$5,000 Maximum
Business Travel Accident	\$50,000 Death Benefit (Board members only)
Executive Benefits	Scripps Executive Physicals (benefit varies by age) Executive Life Insurance (face amounts vary between \$300k - \$750k)



Questions?



AGENDA ITEM 4

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 1, 2010
SUBMITTED BY:	Sean Prendergast, <i>SP</i> Payroll/AP Supervisor	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. <i>JRB</i> Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez <i>GA</i> Assistant General Manager, Administration and Finance		
SUBJECT:	Director's Expenses for the 4th Quarter of Fiscal Year 2010		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To inform the Board of the Director's expenses for the 4th quarter of Fiscal Year 2010.

ANALYSIS:

The Director's expense information is being presented in order to comply with State law. (See Attachment B for Summary and C-H for Details.)

FISCAL IMPACT: *JRB*

None.

STRATEGIC GOAL:

Prudently manage District funds.

LEGAL IMPACT: _____

Compliance with State law.



General Manager

Attachments:

- A) Committee Action Form
- B) Director's Expenses and per Diems
- C-H) Director's Expenses Detail



ATTACHMENT A

SUBJECT/PROJECT:	Director's Expenses for the 4th Quarter of Fiscal Year 2010
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COMMITTEE ACTION:

This is an informational item only.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

**BOARD OF DIRECTORS'
EXPENSES AND PER-DIEMS**

**FINANCE, ADMINISTRATION, AND
COMMUNICATIONS COMMITTEE MEETING
AUGUST 23, 2010**

Policy 8 requires that staff present the Expenses and Per-Diems for the Board of Directors on a Quarterly basis:

- Fiscal Year 2010, 4th Quarter.
- The expenses are shown in detail by Board member, month and expense type.
- This presentation is in alphabetical order.
- This information was presented to the Finance, Administration, and Communications Committee on August 23, 2010.

Board of Directors' Expenses and Per-Diems
Fiscal Year 2010 Quarter 4 (Apr 10- Jun 10)

• Director Bonilla	\$200.00
• Director Breitfelder	\$2,320.00
• Director Croucher	\$1,100.00
• Director Lopez	\$883.50
• Director Robak	<u>\$808.00</u>
• Total	\$5,311.50

Director Bonilla

Fiscal Year 2010 Quarter 4

	Apr 10	May 10	Jun 10
Business Meetings	0.00	0.00	0.00
Director's Fees	0.00	0.00	0.00
Mileage Business	0.00	0.00	0.00
Mileage Commuting	0.00	0.00	0.00
Seminars and Travel	0.00	200.00	0.00
Monthly Totals	<u>0.00</u>	<u>200.00</u>	<u>0.00</u>
Quarterly Total			<u>\$200.00</u>

Fiscal Year-to-Date 2010 (Jul 09-Jun 10)	\$220.00
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Director Bonilla does not request per diem reimbursements

Meetings Attended			
Meetings Paid			

Director Breitfelder

Fiscal Year 2010 Quarter 4

	Apr 10	May 10	Jun 10
Business Meetings	0.00	39.00	0.00
Director's Fees	300.00	1,000.00	500.00
Mileage Business	17.00	107.00	37.00
Mileage Commuting	30.00	45.00	45.00
Seminars and Travel	0.00	200.00	0.00
Monthly Totals	<u>347.00</u>	<u>1,391.00</u>	<u>582.00</u>
Quarterly Total			<u><u>\$2320.00</u></u>

Fiscal Year-to-Date 2010 (Jul 09-Jun 10)	\$6,694.30
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Meetings Attended	3	10	5
Meetings Paid	3	10	5

Director Croucher

Fiscal Year 2010 Quarter 4

	Apr 10	May 10	Jun 10
Business Meetings	0.00	0.00	0.00
Director's Fees	100.00	600.00	400.00
Mileage Business	0.00	0.00	0.00
Mileage Commuting	0.00	0.00	0.00
Seminars and Travel	0.00	0.00	0.00
Monthly Totals	<u>100.00</u>	<u>600.00</u>	<u>400.00</u>
Quarterly Total			<u>\$1,100.00</u>

Fiscal Year-to-Date 2010 (Jul 09-Jun 10)	\$4,400.00
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Meetings Attended	1	6	4
Meetings Paid	1	6	4

Director Lopez

Fiscal Year 2010 Quarter 4

	Apr 10	May 10	Jun 10
Business Meetings	0.00	0.00	0.00
Director's Fees	400.00	200.00	200.00
Mileage Business	0.00	16.50	0.00
Mileage Commuting	37.00	10.00	20.00
Seminars and Travel	0.00	0.00	0.00
Monthly Totals	<u>437.00</u>	<u>226.50</u>	<u>220.00</u>
Quarterly Total			<u>883.50</u>

Fiscal Year-to-Date 2010 (Jul 09-Jun 10)	\$3,510.60
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Meetings Attended	4	2	2
Meetings Paid	4	2	2

Director Robak

Fiscal Year 2010 Quarter 4

	Apr 10	May 10	Jun 10
Business Meetings	0.00	45.00	25.00
Director's Fees	200.00	300.00	200.00
Mileage Business	9.00	12.00	9.00
Mileage Commuting	2.00	4.00	2.00
Seminars and Travel	0.00	0.00	0.00
Monthly Totals	<u>211.00</u>	<u>361.00</u>	<u>236.00</u>
Quarterly Total			<u><u>\$808.00</u></u>

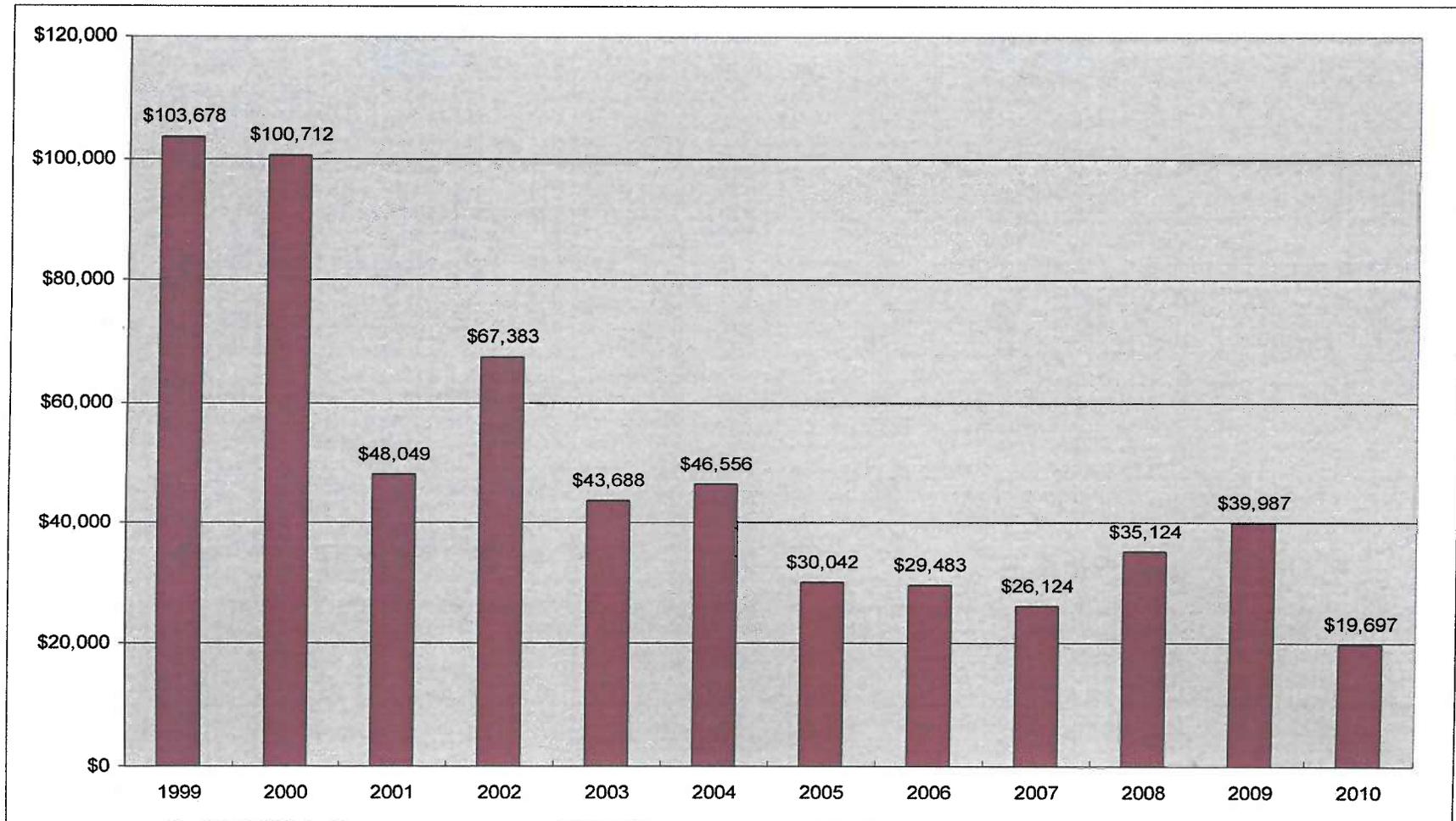
Fiscal Year-to-Date 2010 (Jul 09-Jun 10)	\$4,872.40
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Meetings Attended	6	5	3
Meetings Paid	2	3	2

Board of Directors' Expenses and Per Diems
Fiscal Year 2010 to Date (Jul 09- Jun 10)

• Director Bonilla	\$220.00
• Director Breitfelder	\$6,694.30
• Director Croucher	\$4,400.00
• Director Lopez	\$3,510.60
• Director Robak	<u>\$4,872.40</u>
• Total	\$19,697.30

Board of Directors' Expenses and Per Diems Fiscal Years 1999-2010

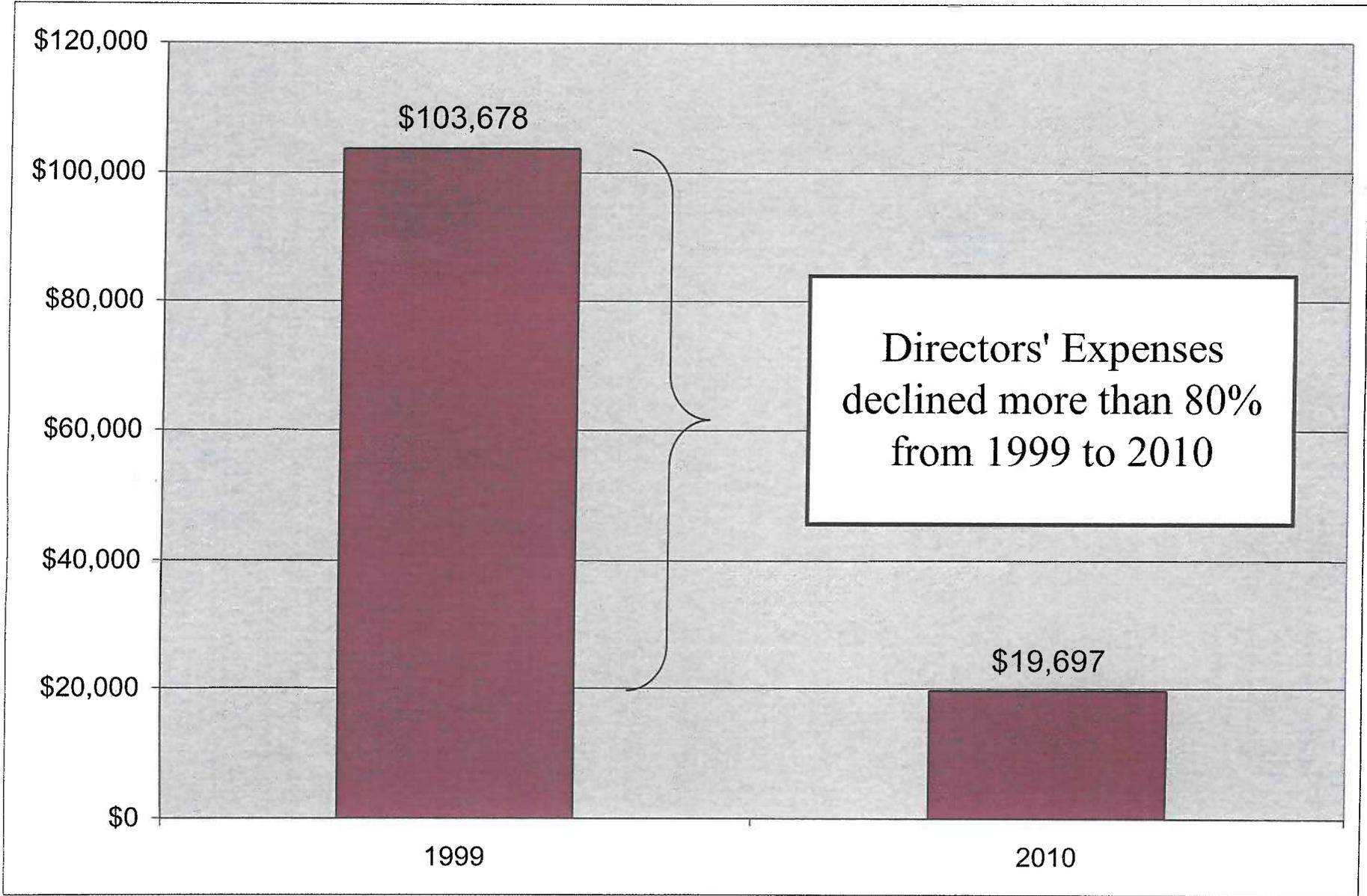


Board of Directors' Expenses and Per Diems Fiscal Years 1999-2010

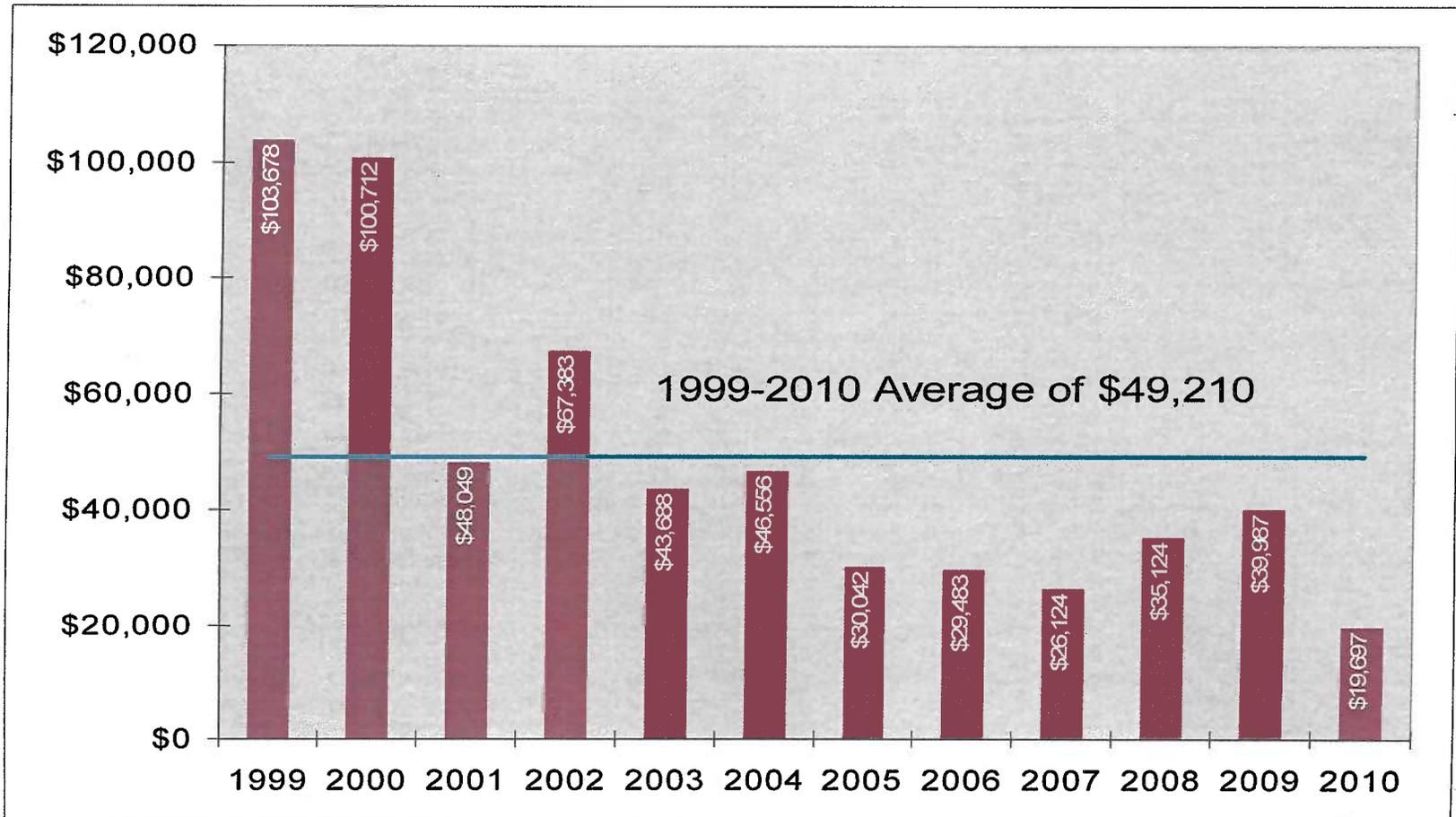
Directors' expenses declined more than 80 percent from 1999 to 2010.

The average expenses from 1999 to 2010 was \$49,210.

This year's total is \$19,697.



Board of Directors' Expenses and Per Diems Fiscal Years 1999-2010



**OTAY WATER DISTRICT
ADMINISTRATIVE EXPENSES - BOARD
July 1, 2009 - June 30, 2010**

	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Total</u>
JAIME BONILLA (DETAILED IN SECTION D):													
5214 Business meetings	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.00
5281 Director's fees	-	-	-	-	-	-	-	-	-	-	-	-	-
5211 Mileage - Business	-	-	-	-	-	-	-	-	-	-	-	-	-
5211 Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213 Seminars and conferences	-	-	-	-	-	-	-	-	-	-	200.00	-	200.00
5212 Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200.00	\$ -	\$ 220.00

LARRY BREITFELDER (DETAILED IN SECTION E):													
5214 Business meetings	\$ -	\$ 25.00	\$ 25.00	\$ -	\$ 84.00	\$ 25.00	\$ -	\$ 25.00	\$ 25.00	\$ -	\$ 39.00	\$ -	\$ 248.00
5281 Director's fees	600.00	-	300.00	500.00	500.00	200.00	400.00	400.00	500.00	300.00	1,000.00	500.00	5,200.00
5211 Mileage - Business	22.00	-	22.00	90.20	112.20	46.20	40.00	61.50	78.50	17.00	107.00	37.00	633.60
5211 Mileage - Commuting	82.50	-	37.40	37.40	18.70	18.70	34.00	34.00	30.00	30.00	45.00	45.00	412.70
5213 Seminars and conferences	-	-	-	-	-	-	-	-	-	-	200.00	-	200.00
5212 Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 704.50	\$ 25.00	\$ 384.40	\$ 627.60	\$ 714.90	\$ 289.90	\$ 474.00	\$ 520.50	\$ 633.50	\$ 347.00	\$ 1,391.00	\$ 582.00	\$ 6,694.30

GARY D. CROUCHER (DETAILED IN SECTION F):													
5214 Business meetings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5281 Director's fees	500.00	-	300.00	600.00	500.00	200.00	400.00	200.00	600.00	100.00	600.00	400.00	4,400.00
5211 Mileage - Business	-	-	-	-	-	-	-	-	-	-	-	-	-
5211 Mileage - Commuting	-	-	-	-	-	-	-	-	-	-	-	-	-
5213 Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212 Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 500.00	\$ -	\$ 300.00	\$ 600.00	\$ 500.00	\$ 200.00	\$ 400.00	\$ 200.00	\$ 600.00	\$ 100.00	\$ 600.00	\$ 400.00	\$ 4,400.00

JOSE LOPEZ (DETAILED IN SECTION G):													
5214 Business meetings	\$ -	\$ -	\$ -	\$ 45.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45.00
5281 Director's fees	300.00	500.00	300.00	400.00	100.00	100.00	300.00	200.00	200.00	400.00	200.00	200.00	3,200.00
5211 Mileage - Business	-	13.20	-	20.90	-	-	-	-	-	-	16.50	-	50.60
5211 Mileage - Commuting	22.00	33.00	11.00	11.00	11.00	-	20.00	20.00	20.00	37.00	10.00	20.00	215.00
5213 Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-	-	-
5212 Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 322.00	\$ 546.20	\$ 311.00	\$ 476.90	\$ 111.00	\$ 100.00	\$ 320.00	\$ 220.00	\$ 220.00	\$ 437.00	\$ 226.50	\$ 220.00	\$ 3,510.60

MARK ROBAK (DETAILED IN SECTION H):													
5214 Business meetings	\$ 20.00	\$ 20.00	\$ 20.00	\$ 200.00	\$ -	\$ 640.00	\$ 20.00	\$ 25.00	\$ -	\$ -	\$ 45.00	\$ 25.00	\$ 1,015.00
5281 Director's fees	200.00	300.00	200.00	200.00	200.00	500.00	100.00	200.00	100.00	200.00	300.00	200.00	2,700.00
5211 Mileage - Business	20.35	45.10	3.30	18.70	101.75	121.30	3.00	33.50	3.00	9.00	12.00	9.00	380.00
5211 Mileage - Commuting	2.20	4.40	2.20	4.40	2.20	-	2.00	2.00	2.00	2.00	4.00	2.00	29.40
5213 Seminars and conferences	-	50.00	15.00	-	-	88.00	-	-	595.00	-	-	-	748.00
5212 Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 242.55	\$ 419.50	\$ 240.50	\$ 423.10	\$ 303.95	\$ 1,349.30	\$ 125.00	\$ 260.50	\$ 700.00	\$ 211.00	\$ 361.00	\$ 236.00	\$ 4,872.40

TOTALS:													
5214 Business meetings	\$ 20.00	\$ 45.00	\$ 45.00	\$ 245.00	\$ 104.00	\$ 665.00	\$ 20.00	\$ 50.00	\$ 25.00	\$ -	\$ 84.00	\$ 25.00	\$ 1,328.00
5281 Director's fees	1,600.00	800.00	1,100.00	1,700.00	1,300.00	1,000.00	1,200.00	1,000.00	1,400.00	1,000.00	2,100.00	1,300.00	15,500.00
5211 Mileage - Business	42.35	58.30	25.30	129.80	213.95	167.50	43.00	95.00	81.50	26.00	135.50	46.00	1,064.20
5211 Mileage - Commuting	106.70	37.40	50.60	52.80	31.90	18.70	56.00	56.00	52.00	69.00	59.00	67.00	657.10
5213 Seminars and conferences	-	50.00	15.00	-	-	88.00	-	-	595.00	-	400.00	-	1,148.00
5212 Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,769.05	\$ 990.70	\$ 1,235.90	\$ 2,127.60	\$ 1,649.85	\$ 1,939.20	\$ 1,319.00	\$ 1,201.00	\$ 2,153.50	\$ 1,095.00	\$ 2,778.50	\$ 1,438.00	\$ 19,697.30

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: BONILLA, JAIME

ATTACHMENT D

Account Name	Date	Descriptions	SECTION D Amount
Business meetings	11/19/2009	MEXICAN AMERICAN PROFESSIONAL ASSOCIATION EVENT	\$ 20.00
Seminars and conferences	5/26/2010	WATER EDUCATION FOUNDATION BINATIONAL DESALINATION CONFERENCE - MAY 26 & 27, 2010	200.00
Grand Total			\$ 220.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: BREITFELDER, LARRY

ATTACHMENT E

Account Name	Date	Descriptions	SECTION E Amount
Business meetings	8/18/2009	COUNCIL OF WATER UTILITIES	\$ 25.00
	9/15/2009	COUNCIL OF WATER UTILITIES	25.00
	11/17/2009	COUNCIL OF WATER UTILITIES	25.00
	11/19/2009	MEXICAN AMERICAN PROFESSIONAL ASSOCIATION EVENT	20.00
		CALIFORNIA SPECIAL DISTRICTS ASSOCIATION QUARTERLY MEETING	39.00
	12/15/2009	COUNCIL OF WATER UTILITIES	25.00
	2/16/2010	COUNCIL OF WATER UTILITIES	25.00
	3/16/2010	COUNCIL OF WATER UTILITIES	25.00
	5/20/2010	CALIFORNIA SPECIAL DISTRICTS ASSOCIATION QUARTERLY MEETING	39.00
Business meetings Total			248.00
Director's Fee	7/1/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	7/6/2009	CONSERVATION ACTION COMMITTEE MEETING	100.00
	7/7/2009	INTRA SITE TOUR - DISTRICT FACILITY SITE (1296-3 RESERVOIR)	100.00
	7/10/2009	AD HOC LEGAL MATTERS COMMITTEE MEETING	100.00
	7/20/2009	GM REVIEW - AGENDA BRIEFING	100.00
	7/27/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	9/2/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/15/2009	CONSERVATION ACTION COMMITTEE MEETING	100.00
	9/28/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	10/5/2009	CONSERVATION ACTION COMMITTEE MEETING	100.00
	10/7/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/15/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES	100.00
	10/20/2009	COUNCIL OF WATER UTILITIES	100.00
	10/21/2009	CONSERVATION ACTION COMMITTEE MEETING	100.00
	11/3/2009	CADS BOARD OF DIRECTORS MEETING	100.00
	11/4/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/9/2009	CONSERVATION ACTION COMMITTEE MEETING	100.00
	11/17/2009	COUNCIL OF WATER UTILITIES	100.00
	11/19/2009	CADS BOARD OF DIRECTORS MEETING	100.00
	12/2/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: BREITFELDER, LARRY

ATTACHMENT E

Account Name	Date	Descriptions	SECTION E Amount
	12/15/2009	COUNCIL OF WATER UTILITIES	100.00
	1/6/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/11/2010	CONSERVATION ACTION COMMITTEE MEETING	100.00
	1/13/2010	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	1/19/2010	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	2/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/10/2010	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	2/16/2010	COUNCIL OF WATER UTILITIES	100.00
	2/19/2010	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	3/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	3/8/2010	CONSERVATION ACTION COMMITTEE MEETING	100.00
	3/10/2010	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	3/16/2010	COUNCIL OF WATER UTILITIES	100.00
	3/18/2010	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	4/7/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	4/14/2010	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	4/20/2010	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	5/5/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/17/2010	OTAY WATER DISTRICT BUDGET WORKSHOP	100.00
	5/19/2010	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	5/20/2010	CALIFORNIA SPECIAL DISTRICTS ASSOCIATION QUARTERLY	100.00
	6/2/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/17/2010	SPECIAL REGULAR BOARD MEETING	100.00
	5/26/2010	BINATIONAL DESALINATION CONFERENCE	200.00
	6/15/2010	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	5/21/2010	LOCAL WATER RESOURCES INSPECTION TOUR SPONSORED BY MWD AND CWA	100.00
	5/4/2010	SOUTH COUNTY ECONOMIC DEVELOPMENT COUNCIL BOARD	100.00
	5/10/2010	WATER CONSERVATION ACTION COMMITTEE	100.00
	6/14/2010	WATER CONSERVATION ACTION COMMITTEE	100.00
	5/12/2010	WATER CONSERVATION GARDEN BOARD OF DIRECTORS	100.00
	6/9/2010	WATER CONSERVATION GARDEN BOARD OF DIRECTORS MEETING	100.00
Director's Fee Total			5,200.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: BREITFELDER, LARRY

ATTACHMENT E

Account Name	Date	Descriptions	SECTION E Amount	
Mileage - Business	7/31/2009	MEETING - JULY 6, 2009	22.00	
	9/28/2009	MEETING - SEPT. 15, 2009	22.00	
	10/31/2009	MEETING - OCT. 5, 20 & 21, 2009	90.20	
	11/30/2009	MEETING - NOV. 3, 9, 17 & 19, 2009	112.20	
	12/31/2009	MEETING - DEC. 15, 2009	46.20	
	1/31/2010	MEETING - JAN. 11 & 13, 2010	40.00	
	2/28/2010	MEETING - FEB. 10 & 16 2010	61.50	
	3/31/2010	MEETING - MARCH 8, 10 & 16, 2010	78.50	
	4/30/2010	MEETING - APRIL 14, 2010	17.00	
	5/31/2010	MEETING - MAY 10, 12, 20, 21, 26 & 27, 2010	107.00	
	6/30/2010	MEETING - JUNE 9 & 14, 2010	37.00	
	Mileage - Business Total			<u>633.60</u>
	Mileage - Commuting	7/31/2009	MEETING - JULY 1, 7, 10, 20 & 27, 2009	82.50
9/28/2009		MEETING - SEPT. 2 & 28, 2009	37.40	
10/31/2009		MEETING - OCT. 7 & 15, 2009	37.40	
11/30/2009		MEETING - NOV. 4, 2009	18.70	
12/31/2009		MEETING - DEC. 2, 2009	18.70	
1/31/2010		MEETING - JAN. 6 & 19 2010	34.00	
2/28/2010		MEETING - FEB. 3 & 19 2010	34.00	
3/31/2010		MEETING - MARCH 3, 8, 10, 16 & 18, 2010	30.00	
4/30/2010		MEETING - APRIL 7 & 20, 2010	30.00	
5/31/2010		MEETING - MAY 5, 17 & 19, 2010	45.00	
6/30/2010		MEETING - JUNE 2, 15 & 17, 2010	45.00	
Mileage - Commuting Total			<u>412.70</u>	
Seminars and conferen	5/26/2010	WATER EDUCATION FOUNDATION BINATIONAL DESALINATION CONFERENCE - MAY 26 & 27, 2010	200.00	
Seminars and conferences Total			<u>200.00</u>	
Grand Total			<u><u>\$ 6,694.30</u></u>	

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: CROUCHER, GARY

Account Name	Date	Descriptions	ATTACHMENT F SECTION F Amount
Director's Fee	7/1/2009	REGULAR BOARD OF DIRECTORS MEETING	\$ 100.00
	7/7/2009	INTRA SITE TOUR - DISTRICT FACILITY SITE (1296-3 RESERVOIR)	100.00
	7/10/2009	LEGAL AD HOC COMMITTEE	100.00
	7/27/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	7/30/2009	AGENDA REVIEW WITH GM AND COUNCIL	100.00
	9/17/2009	GM REVIEW - AGENDA BRIEFING	100.00
	9/28/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	9/30/2009	WATER RATES AD HOC COMMITTEE MEETING	100.00
	10/6/2009	GM REVIEW - AGENDA BRIEFING	100.00
	10/7/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/8/2009	OTAY WATER DISTRICT AUDIT REVIEW	100.00
	10/14/2009	WATER CONSERVATION JPA MEETING	100.00
	10/15/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	10/30/2009	COMMITTEE AGENDA BRIEFING MEETING WITH GENERAL MANAGER	100.00
	11/2/2009	MEETING WITH STAFF TO SIGN DOCUMENTS FOR BOND REFINANCING CLOSING	100.00
	11/3/2009	CADS BOARD OF DIRECTORS MEETING	100.00
	11/4/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	11/19/2009	SAN DIEGO CADS QUARTERLY MEETING	100.00
	11/30/2009	COMMITTEE AGENDA BRIEFING MEETING WITH GENERAL MANAGER	100.00
	12/2/2009	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	12/30/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/6/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/19/2010	CSDA BOARD OF DIRECTORS MEETING	100.00
	1/21/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	1/25/2010	LEGAL AD HOC COMMITTEE	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: CROUCHER, GARY

Account Name	Date	Descriptions	ATTACHMENT F SECTION F Amount
Director's Fee	2/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/22/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	3/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	3/10/2010	WATER CONSERVATION JPA MEETING	100.00
	3/22/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	3/23/2010	MEETING WITH LEGAL COUNCIL - DESALINATION	100.00
	3/30/2010	CSDA BOARD OF DIRECTORS MEETING	100.00
	3/31/2010	LEGAL AD HOC COMMITTEE	100.00
	4/19/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	5/5/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/8/2010	WATER WISE LANDSCAPE COMMUNITY AWARDS	100.00
	5/15/2010	CUYUMACA COMMUNITY COLLEGE FOUNDATION	100.00
	5/17/2010	OTAY WATER DISTRICT BUDGET WORKSHOP	100.00
	5/19/2010	DESALINATION MEETING WITH GENERAL MANAGER	100.00
	5/20/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	6/2/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/3/2010	TOUR FACILITIES - 1485-1 AND 1296-3 RESERVOIR WITH THE GENERAL MANAGER	100.00
	6/16/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	6/17/2010	SPECIAL REGULAR BOARD MEETING	<u>100.00</u>
Director's Fee Total			<u>\$ 4,400.00</u>
Grand Total			<u><u>\$ 4,400.00</u></u>

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: LOPEZ, JOSE

Account Name	Date	Descriptions	ATTACHMENT G SECTION G Amount
Business meetings	10/8/2009	WATER AGENCIES ASSOCIATION	\$ 45.00
Business meetings Total			<u>45.00</u>
Director's Fee	7/1/2009	REGULAR BOARD OF DIRECTORS MEETING	<u>100.00</u>
	7/8/2009	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	7/22/2009	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/5/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/10/2009	WATER CONSERVATION GARDEN COMMITTEE MEETING	100.00
	8/24/2009	SPECIAL REGULAR BOARD MEETING	100.00
	8/25/2009	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	8/31/2009	GM REVIEW - AGENDA BRIEFING	100.00
	9/2/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/14/2009	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	9/28/2009	CHULA VISTA WATER TASK FORCE	100.00
	10/7/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/14/2009	WATER CONSERVATION JPA MEETING	100.00
	10/15/2009	WATER AGENCIES ASSOCIATION	100.00
	10/19/2009	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	11/4/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	12/14/2009	FINANCE AND ADMINISTRATIVE COMMITTEE MEETING	100.00
	1/6/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	1/21/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	1/25/2010	CHULA VISTA WATER TASK FORCE	100.00
	2/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/22/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	3/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	3/22/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	4/19/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: LOPEZ, JOSE

**ATTACHMENT G
SECTION G
Amount**

Account Name	Date	Descriptions	Amount
	4/7/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	4/22/2010	RECOGNITION AWARDS FOR OTAY WATER DISTRICT AND GENERAL MANAGER	100.00
	4/26/2010	CITY OF CHULA VISTA - WATER TASK FORCE	100.00
	5/17/2010	OTAY WATER DISTRICT BUDGET WORKSHOP	100.00
	6/2/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/16/2010	ENGINEERING, OPERATIONS AND WATER RESOURCES COMMITTEE MEETING	100.00
	5/3/2010	DESALINATION MEETING WITH GENERAL MANAGER	<u>100.00</u>
Director's Fee Total			<u>3,200.00</u>
Mileage - Business	8/31/2009	MEETING - AUG. 10, 2009	13.20
	10/15/2009	MEETING - OCT. 15, 2009	20.90
	5/31/2010	MEETING - MAY 3, 2010	<u>16.50</u>
Mileage - Business Total			<u>50.60</u>
Mileage - Commuting	7/31/2009	MEETING - JULY 1 & 22, 2009	<u>22.00</u>
	8/31/2009	MEETING - AUG. 5, 24, & 25 2009	33.00
	9/30/2009	MEETING - SEPT. 2, 2009	11.00
	10/7/2009	MEETING - OCT. 7, 2009	11.00
	11/4/2009	MEETING - NOV. 4, 2009	11.00
	1/31/2010	MEETING - JAN. 6 & 21, 2010	20.00
	2/28/2010	MEETING - FEB. 03 & 22, 2010	20.00
	3/31/2010	MEETING - MARCH 3 & 22, 2010	20.00
	4/30/2010	MEETING - APRIL 7, 19, & 22, 2010	37.00
	5/31/2010	MEETING - MAY 17, 2010	10.00
	6/30/2010	MEETING - JUNE 2 & 16, 2010	<u>20.00</u>
Mileage - Commuting Total			<u>215.00</u>
Grand Total			<u><u>\$ 3,510.60</u></u>

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	ATTACHMENT H SECTION H Amount
Business meetings	7/10/2009	THE CHAMBER SAN DIEGO EAST COUNTY	\$ 20.00
	8/7/2009	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	20.00
	9/11/2009	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	20.00
	10/2/2009	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	200.00
	12/3/2009	SAN DIEGO EAST COUNTY CHAMBER HOLIDAY MIXER & OPEN HOUSE	15.00
	12/4/2009	REGISTRATION ASSOCIATION OF CALIFORNIA WATER AGENCIES DEC.1-4, 2009	625.00
	1/18/2010	SAN DIEGO EAST COUNTY CHAMBER OF COMMERCE	20.00
	2/16/2010	COUNCIL OF WATER UTILITIES	25.00
	5/7/2010	SD EAST COUNTY CHAMBER OF COMMERCE'S FIRST FRIDAY BREAKFAST MEETING	20.00
	6/1/2010	SD EAST COUNTY CHAMBER OF COMMERCE'S FIRST FRIDAY BREAKFAST MEETING	25.00
	5/26/2010	SPECIAL DISTRICT AND LOCAL GOVERNMENT INSTITUTE	25.00
Business meetings Total			<u>1,015.00</u>
Director's Fee	7/1/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	7/9/2009	SAN VICENTE DAM RAISE CEREMONY	100.00
	8/5/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	8/19/2009	WATER REUSE SAN DIEGO CHAPTER MEETING	100.00
	8/24/2009	SPECIAL REGULAR BOARD MEETING	100.00
	9/2/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	9/3/2009	GM REVIEW - DISCUSSION OF GENERAL BUSINESS GOALS & OBJECTIVES FOR NEW YEAR	100.00
	10/7/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00
	10/29/2009	CELEBRATION OF LIFE - WATER CONSERVATION GARDEN	100.00
	11/4/2009	REGULAR BOARD OF DIRECTORS MEETING	100.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	ATTACHMENT H SECTION H Amount
	11/6/2009	WATER REUSE WORKSHOP IRVINE RANCH WATER	100.00
	12/10/2009	WATER REUSE SAN DIEGO CHAPTER MEETING	100.00
	12/31/2009	AQUA BI-YEARLY CONVENTION IN SAN DIEGO DEC. 1-4, 2009	400.00
	1/6/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	2/16/2010	COUNCIL OF WATER UTILITIES	100.00
	3/3/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	4/7/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	4/8/2010	CWA ANNUAL RETREAT - SANDAG ECONOMIST AND CWA BOARD	100.00
	5/5/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	5/17/2010	OTAY WATER DISTRICT BUDGET WORKSHOP	100.00
	6/2/2010	REGULAR BOARD OF DIRECTORS MEETING	100.00
	6/17/2010	SPECIAL REGULAR BOARD MEETING	100.00
	5/18/2010	OTAY WATER DEVELOPER LUNCHEON	100.00
Director's Fee Total			2,700.00
Mileage - Business	7/31/2009	MEETING - JULY 6 & 31, 2009	20.35
	8/31/2009	MEETING - AUG. 5, 19 & 24 2009	45.10
	9/2/2009	MEETING - SEPTEMBER 2, 2009	3.30
	10/31/2009	MEETING - OCT. 7, 15 & 26 2009	18.70
	11/30/2009	MEETING - NOV. 4 & 6, 2009	101.75
	12/31/2009	MEETING - DEC. 1 - 4 & 10, 2009	80.30
		PARKING - TOWN & COUNTRY CONVENTION CENTER DEC. 1-4, 2009	41.00
	1/31/2010	MEETING - JAN. 6, 2010	3.00
	2/28/2010	MEETING - FEB. 3 & 16, 2010	33.50
	3/3/2010	MEETING - MARCH 3, 2010	3.00
	4/30/2010	MEETING - APRIL 7 & 8, 2010	9.00
	5/31/2010	MEETING - MAY 5, 17 & 18, 2010	12.00
	6/30/2010	MEETING - JUNE 2 & 17, 2010	9.00
Mileage - Business Total			380.00

**OTAY WATER DISTRICT
SUMMARY - BOARD OF DIRECTORS EXPENSES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010**

DIRECTOR'S NAME: ROBAK, MARK

Account Name	Date	Descriptions	ATTACHMENT H SECTION H Amount
Mileage - Commuting	7/31/2009	MEETING - JULY 1, 2009	2.20
	8/31/2009	MEETING - AUG. 5 & 24 2009	4.40
	9/2/2009	MEETING - SEPTEMBER 2, 2009	2.20
	10/31/2009	MEETING - OCT. 7 & 29, 2009	4.40
	11/30/2009	MEETING - NOV. 4, 2009	2.20
	1/31/2010	MEETING - JAN. 6, 2010	2.00
	2/28/2010	MEETING - FEB. 3, 2010	2.00
	3/3/2010	MEETING - MARCH 3, 2010	2.00
	4/30/2010	MEETING - APRIL 7, 2010	2.00
	5/31/2010	MEETING - MAY 5 & 17, 2010	4.00
	6/30/2010	MEETING - JUNE 2, 2010	2.00
Mileage - Commuting Total			29.40
Seminars and confere	8/21/2009	SAN DIEGO EAST COUNTY - WATER CONSERVATION POLITICS IN PARADISE	50.00
	9/25/2009	THE RANCHO SAN DIEGO-JAMUL BREAKFAST MEETING	15.00
	12/1/2009	ACWA 2009 FALL CONFERENCE & EXHIBITION REGISTRATION	73.00
	12/11/2009	RANCHO SAN DIEGO-JAMUL CHAMBER OF COMMERCE	15.00
	3/4/2010	SPECIAL DISTRICT GOVERNANCE SEMINAR - March 4 - 5, 2010	595.00
Seminars and conferences Total			748.00
Grand Total			\$ 4,872.40

EXHIBIT B

**OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM**

Pay To: Larry Breitfelder

Period Covered: Apr 1 to Apr 30, 2010

Employee Number: 7013

From: 4/1/10 To: 4/30/10

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE	
				HOME to OWD OWD to HOME	OTHER LOCATIONS
1.	4/7/10	OWD Board Meeting	OWD Board of Directors Meeting	30	
2.	4/14/10	WCG Board Meeting	Water Conservation Garden Board Meeting		34
3.	4/20/10	FA&C Committee	OWD Finance, Admin & Communications Committee	30	
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					

3/3

Total Meeting Per Diem: \$300.00 ✓ *per diems* - *mileage 15.00*
 (\$100 per meeting) *\$ 30.00*

Total Mileage Claimed: 94 miles

GM Receipt:  Date: 5.10.2010


 (Director's Signature)

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$





AB000-1B1000-2101-528101
AB000-1B1000-2101-521102

1000.00
45.00
EXHIBIT B

OTAY WATER DISTRICT
BOARD OF DIRECTORS
PER-DIEM AND MILEAGE CLAIM FORM

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 5/1/10 To: 5/30/10

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	5/4/10	South County EDC	South County Economic Development Council Board Meeting		
2.	5/5/10	OWD Board Meeting	OWD Board Meeting	30	
3.	5/10/10	CAC	Conservation Action Committee		40
4.	5/12/10	WCG Brd Meeting	Water Conservation Garden Board Meeting		34
5.	5/17/10	OWD Special Brd Meeting	OWD Special Board Meeting/Budget Workshop	30	
6.	5/19/10	FA&C Committee	OWD Finance, Adm	0	
7.	5/20/10	CSDA	California Special I		40
8.	5/21/10	CWA Infrastructure Tour	Local Water Resour by MWD and CWA		40
9.	5/26/10	Binational Desal Cnfr	Binational Desalina	0 * *	30
10.	5/27/10	Binational Desal Cnfr	Binational Desalina	10 * x	30
11.				100.00 =	
12.				1,000.00 * /	
13.				0 * *	
14.				30.00 +	
15.				30.00 +	
16.				30.00 +	
17.				90.00 *	
18.				90.00 x	
				0.50 =	
				45.00 * /	

*a per
res
Breitfelder*

*Per
Diems*

Mileage

Total Meeting Per Diem: \$1000.00
(\$100 per meeting)

Total Mileage Claimed: 304

10/10

Larry Breitfelder

(Director's Signature)

GM Receipt: *[Signature]*

Date: 7.21-2010

*(RECEIVED EMAIL ON 7.15.2010 FOR ABOVE -
SUSAN CAWZ TRANSFERRED TO THIS FORM)*

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

AB 000 · 101000 · 2101 · 528101
 AB 000 · 1B1000 · 2101 · 521102

300.00
 45.00



EXHIBIT B

**OTAY WATER DISTRICT
 BOARD OF DIRECTORS
 PER-DIEM AND MILEAGE CLAIM FORM**

Pay To: Larry Breitfelder

Period Covered:

Employee Number: 7013

From: 6/1/10 To: 6/30/10

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
1.	6/2/10	OWD Board Meeting	OWD Board of Directors Meeting	30	
2.	6/9/10	WCG Board Meeting	Water Conservation Garden Board Meeting		34
3.	6/14/10	CAC	Conservation Action Committee		40
4.	6/15/10	FA&C Committee	OWD Finance, Admin & Communications Committee	30	
5.	6/17/10	OWD Special Brd Mtg	OWD Special Board Meeting	30	
6.					
7.					
8.					
9.					
10.					
11.				0*	
12.				5*	
13.				100.00=	
14.				500.00*	
15.				0*	
16.				30.00+	
17.				30.00+	
18.				30.00+	
				90.00*	

Per Diem

Mileage

Total Meeting Per Diem: \$500.00
 (\$100 per meeting)

Total Mileage Claimed: 164

90.00x
 0.50=
 45.00*

5/5

Larry Breitfelder

 (Employee's Signature)

GM Receipt: *[Signature]*

Date: 7.21.2010

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____



AB000-1B4000-2101-528101 700-00
 AB000-1B4000-2101-5-1102 3700
EXHIBIT B

**OTAY WATER DISTRICT
 BOARD OF DIRECTORS
 PER-DIEM AND MILEAGE CLAIM FORM**

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 04/01/10 To: 04/31/10

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	04/07/10	OWD	Board Meeting	20	
✓ 2.	04/12/10	OWD	Eng & OPs Committee Meeting	20	
✓ 3.	04/22/10	CMAA	Recognition Awards for Otay Water & GM Watton	34	
✓ 4.	04/26/10	City of CV	Water Task Force		0
5.					
6.					
7.					
8.					
9.					
10.				0*	
11.				4*x	
12.				100.00=	
13.				400.00*	
14.				0*	
15.				0*	
16.				20*	
17.				20*	
18.				34*	
				74*	
				74*x	
				0.50=	
				37.00*	

Per Diem
Mileage

Total Meeting Per Diem: \$400
 (\$100 per meeting)

Total Mileage Claimed: 40 miles

4/4

Jose G. Lopez
 (Director's Signature)

GM Receipt: *MWA*

Date: 5.14.2010

5-21-10

[Handwritten signature]

10 MAY 17 PM 2010 OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____

✓

AB000-134000-2101-528101

200.00

AB000-134000-2101-521102

10.00



OTAY WATER DISTRICT BOARD OF DIRECTORS PER-DIEM AND MILEAGE CLAIM FORM

EXHIBIT B

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 05/01/10 To: 05/31/10

Table with columns: ITEM, DATE, MEETING, PURPOSE / ISSUES DISCUSSED, MILEAGE HOME to OWD, MILEAGE OWD to HOME, MILEAGE OTHER LOCATIONS. Includes handwritten notes 'Per Diem' and 'Mileage' and calculations.

Total Meeting Per Diem: \$200 (\$100 per meeting)

2/2

Total Mileage Claimed: 53 miles

Director's Signature: Jose P. Lopez

GM Receipt: [Signature] 7.15.2010

Date: 7.15.2010

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$



#13000 - 1B4000 - 2107 - 528101 200.00
 #13000 - 1B4000 - 2107 - 521102 20.00
 rec'd 8/13/10



EXHIBIT B

**OTAY WATER DISTRICT
 BOARD OF DIRECTORS
 PER-DIEM AND MILEAGE CLAIM FORM**

Pay To: Jose Lopez

Period Covered:

Employee Number: 7010

From: 06/01/10 To: 06/31/10

ITEM	DATE	MEETING	PURPOSE / ISSUES DISCUSSED	MILEAGE HOME to OWD OWD to HOME	MILEAGE OTHER LOCATIONS
✓ 1.	6/02/10	OWD	BOARD MEETING	20	
✓ 2.	6/16/10	OWD	ENG & OPS COMMITTEE MEETING	20	
3.					
4.					
5.					
6.				0.*	
7.				2.*	
8.				100.00 =	
9.				200.*	
10.				0.*	
11.					
12.				20.+	
13.				20.+	
14.				40.*	
15.				40.*	
16.				0.50 =	
17.				20.00*	
18.					

Per Diem

Mileage

Total Meeting Per Diem: \$200
(\$100 per meeting)

Total Mileage Claimed: 40 miles

2/2

(Director's Signature)

GM Receipt:

Date: 8.16.2010

FOR OFFICE USE: TOTAL MILEAGE REIMBURSEMENT: \$ _____



AGENDA ITEM 5

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 1, 2010
SUBMITTED BY:	James Cudlip, Finance Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Administration and Finance		
SUBJECT:	Annual Review of Investment Policy (Policy No. 27) and Delegation of Authority		

GENERAL MANAGER'S RECOMMENDATION:

That the Board receives the District's Investment Policy (Policy #27) for review, and to re-delegate authority for all investment related activities to the Chief Financial Officer (CFO) in accordance with Government Code Section 53607.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

Government Code Section 53646 recommends that the District's Investment Policy be rendered to the Board on an annual basis for review. In addition, Government Code Section 53607 requires that for the CFO's delegation of authority to remain effective, the governing board must re-delegate authority over investment activities on an annual basis.

ANALYSIS:

The primary goals of the investment policy are to assure compliance with the California Government Code, Sections 53600 et seq, and to protect the principal of the funds. The code provides a broad range of investment options for local agencies, including Federal Treasuries, Federal Agencies, Callable Federal Agencies, the State Pool, the County Pool, high-grade corporate debt, and others. Over the past two years, the size of the District's portfolio has fluctuated between \$114 million and \$65 million due to large outlays for construction projects, and the influx of bond proceeds from the COPS/BABS-2010 funding.

There have been no changes to the policy since the Board's previous annual review at the September 2, 2009 regular board meeting. Because of the District's adherence to a conservative range of authorized investments, we have been able to maintain a healthy and diversified portfolio with no investment losses despite an extended period of turmoil and instability in the national financial markets. The policy is consistent with the current law and the overall objectives of the policy are being met.

FISCAL IMPACT:



None.

STRATEGIC GOAL:

Demonstrate financial health through formalized policies, prudent investing, and efficient operations.

LEGAL IMPACT:

None.



General Manager

Attachments:

- A) Committee Staff Report
- B) Investment Policy #27
- C) Portfolio Management: Portfolio Summary, June 30, 2010
- D) Copy of Investment Policy Presentation Slides



ATTACHMENT A

SUBJECT/PROJECT:	Annual Review of Investment Policy (Policy No. 27) and Delegation of Authority
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee receives the Investment Policy (Policy No. 27) for review, and to re-delegate authority for all investment related activities to the Chief Financial Officer in accordance with California Government Code Section 53607.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

1.0: POLICY

It is the policy of the Otay Water District to invest public funds in a manner which will provide maximum security with the best interest return, while meeting the daily cash flow demands of the entity and conforming to all state statues governing the investment of public funds.

2.0: SCOPE

This investment policy applies to all financial assets of the Otay Water District. The District pools all cash for investment purposes. These funds are accounted for in the District's audited Comprehensive Annual Financial Report (CAFR) and include:

- 2.1) General Fund
- 2.2) Capital Project Funds
 - 2.2.1) Designated Expansion Fund
 - 2.2.2) Restricted Expansion Fund
 - 2.2.3) Designated Betterment Fund
 - 2.2.4) Restricted Betterment Fund
 - 2.2.5) Designated Replacement Fund
- 2.3) Other Post Employment Fund (OPEB)
- 2.4) Debt Reserve Fund

Exceptions to the pooling of funds do exist for tax-exempt debt proceeds and deferred compensation funds. Funds received from the sale of general obligation bonds, certificates of participation or other tax-exempt financing vehicles are segregated from pooled investments and the investment of such funds are guided by the legal documents that govern the terms of such debt issuances.

3.0: PRUDENCE

Investments should be made with judgment and care, under current prevailing circumstances, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "Prudent Person" and/or "Prudent Investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. 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,

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0: OBJECTIVE

As specified in the California Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

- 4.1) Safety: Safety of principal is the foremost objective of the investment program. Investments of the Otay Water 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 Otay Water District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
- 4.3) Return on Investment: The Otay Water District's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

5.0 DELEGATION OF AUTHORITY

Authority to manage the Otay Water District's investment program is derived from the California Government Code, Sections 53600 through 53692. Management responsibility for the investment program is hereby delegated to the Chief Financial Officer (CFO), who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and their procedures in the absence of the CFO. The CFO shall establish written investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the CFO.

6.0: ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that 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 with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

7.0: AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Chief Financial Officer shall maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers 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 who desire to become qualified bidders for investment transactions must supply the District with the following, as appropriate:

- Audited Financial Statements.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

- Proof of National Association of Security Dealers (NASD) certification.
- Proof of state registration.
- Completed broker/dealer questionnaire.
- Certification of having read the District's Investment Policy.
- Evidence of adequate insurance coverage.

As annual review of the financial condition and registrations of qualified bidders will be conducted by the CFO. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

8.0: AUTHORIZED AND SUITABLE INVESTMENTS

From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The District is governed by the California Government Code, Sections 53600 through 53692, to invest in the following types of securities, as further limited herein:

8.01) United States Treasury Bills, Bonds, Notes or those instruments for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable.

8.02) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by State Law (currently \$40 million). The District may also invest bond proceeds in LAIF with the same but independent maximum limitation.

8.03) Bonds, debentures, notes and other evidence of indebtedness issued by any of the following government agency issuers:

- Federal Home Loan Bank (FHLB)
- Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
- Federal National Mortgage Association (FNMA or "Fannie Mae")
- Government National Mortgage Association (GNMA or "Ginnie Mae")
- Student Loan Marketing Association (SLMA or "Sallie Mae")
- Federal Farm Credit Bank (FFCB)

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

There is no percentage limitation of the portfolio which can be invested in this category, although a five-year maturity limitation is applicable.

8.04) Interest-bearing demand deposit accounts and Certificates of Deposit (CD) will be made only in Federal Deposit Insurance Corporation (FDIC) insured accounts. For deposits in excess of the insured maximum of \$100,000, approved collateral shall be required in accordance with California Government Code, Section 53652. Investments in CD's are limited to 15 percent of the District's portfolio.

8.05) Commercial paper, which is short-term, unsecured promissory notes of corporate and public entities. Purchases of eligible commercial paper may not exceed 10 percent of the outstanding paper of an issuing corporation, and maximum investment maturity will be restricted to 270 days. Investment is further limited as described in California Government Code, Section 53601(g). Purchases of commercial paper may not exceed 15 percent of the District's portfolio.

8.06) Medium-term notes defined as all corporate debt securities with a maximum remaining maturity of five years or less, and that meet the further requirements of California Government Code, Section 53601(j). Investments in medium-term notes are limited to 15 percent of the District's portfolio.

8.07) Money market mutual funds that invest only in Treasury securities and repurchase agreements collateralized with Treasury securities, and that meet the further requirements of California Government Code, Section 53601(k). Investments in money market mutual funds are limited to 15 percent of the District's portfolio.

8.08) The San Diego County Treasurer's Pooled Money Fund, which is a County managed investment pool, may be used by the Otay Water District to invest excess funds. There is no percentage limitation of the portfolio which can be invested in this category.

8.09) Under the provisions of California Government Code 53601.6, the Otay Water District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools, or any investment that may result in a zero interest accrual if held to maturity. Also, the

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

borrowing of funds for investment purposes, known as leveraging, is prohibited.

9.0: INVESTMENT POOLS/MUTUAL FUNDS

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, and what size deposits and withdrawals are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc., utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 COLLATERALIZATION

Collateralization will be required on certificates of deposit. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

11.0: SAFEKEEPING AND CUSTODY

All security transactions entered into by the Otay Water District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the District and evidenced by safekeeping receipts.

12.0: DIVERSIFICATION

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

The Otay Water District will diversify its investments by security type and institution, with limitations on the total amounts invested in each security type as detailed in Paragraph 8.0, above, so as to reduce overall portfolio risks while attaining benchmark average rate of return. With the exception of U.S. Treasury securities, government agencies, and authorized pools, no more than 50% of the District's total investment portfolio will be invested with a single financial institution.

13.0: MAXIMUM MATURITIES

To the extent possible, the Otay Water District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than five years from the date of purchase. However, for time deposits with banks or savings and loan associations, investment maturities will not exceed two years. Investments in commercial paper will be restricted to 270 days.

14.0: INTERNAL CONTROL

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0: 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 Otay Water District's investment strategy is passive. Given this strategy, the basis used by the CFO to determine whether market yields are being achieved shall be the State of California Local Agency Investment Fund (LAIF) as a comparable benchmark.

16.0: REPORTING

The Chief Financial Officer shall provide the Board of Directors monthly investment reports which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the quarterly report should include the following:

OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value, amortized book value, and market value.
- Percentage of the portfolio represented by each investment category.

17.0: INVESTMENT POLICY ADOPTION

The Otay Water District's investment policy shall be adopted by resolution of the District's Board of Directors. The policy shall be reviewed annually by the Board and any modifications made thereto must be approved by the Board.

18.0: GLOSSARY

See Appendix A.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
DISTRICT INVESTMENT POLICY	27	9/15/93	9/6/06

APPENDIX A: GLOSSARY

ACTIVE INVESTING: Active investors will purchase investments and continuously monitor their activity, often looking at the price movements of their stocks many times a day, in order to exploit profitable conditions. Typically, active investors are seeking short term profits.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER/DEALER: Any individual or firm in the business of buying and selling securities for itself and others. Broker/dealers must register with the SEC. When acting as a broker, a broker/dealer executes orders on behalf of his/her client. When acting as a dealer, a broker/dealer executes trades for his/her firm's own account. Securities bought for the firm's own account may be sold to clients or other firms, or become a part of the firm's holdings.

CERTIFICATE OF DEPOSIT (CD): A short or medium term, interest bearing, FDIC insured debt instrument offered by banks and savings and loans. Money removed before maturity is subject to a penalty. CDs are a low risk, low return investment, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from a few months to several years.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured short-term promissory note, issued by corporations, with maturities ranging from 2 to 270 days.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the Otay Water District. It includes detailed financial information prepared in conformity with generally accepted accounting principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

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provisions, extensive introductory material, and a detailed statistical section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a set date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures deposits in member banks and thrifts, currently up to \$100,000 per deposit.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Bank system supports agricultural loans and issues securities and bonds in

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financial markets backed by these loans. It has consolidated the financing programs of several related farm credit agencies and corporations.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANK (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): A stockholder owned, publicly traded company chartered by the United States federal government in 1970 to purchase mortgages and related securities, and then issue securities and bonds in financial markets backed by those mortgages in secondary markets. Freddie Mac, like its competitor Fannie Mae, is regulated by the United States Department of Housing and Urban Development (HUD).

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): A government owned agency which buys mortgages from lending institutions, securitizes them, and then sells them to investors. Because the payments to investors are guaranteed by the full faith and credit of the U.S. Government, they return slightly less interest than other mortgage-backed securities.

INTEREST-ONLY STRIPS: A mortgage backed instrument where the investor receives only the interest, no principal, from a pool of mortgages. Issues are highly interest rate sensitive, and cash flows vary between

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interest periods. Also, the maturity date may occur earlier than that stated if all loans within the pool are pre-paid. High prepayments on underlying mortgages can return less to the holder than the dollar amount invested.

INVERSE FLOATER: A bond or note that does not earn a fixed rate of interest. Rather, the interest rate is tied to a specific interest rate index identified in the bond/note structure. The interest rate earned by the bond/note will move in the opposite direction of the index. An inverse floater increases the market rate risk and modified duration of the investment.

LEVERAGE: Investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase/reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MUTUAL FUNDS: An open-ended fund operated by an investment company which raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. Mutual funds raise money by selling shares of the fund to the public. Mutual funds then take the money they receive from the sale of their shares (along with any money made from previous investments) and use it to purchase

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various investment vehicles, such as stocks, bonds, and money market instruments.

MONEY MARKET MUTUAL FUNDS: An open-end mutual fund which invests only in money markets. These funds invest in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD): A self-regulatory organization of the securities industry responsible for the operation and regulation of the NASDAQ stock market and over-the-counter markets. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

PASSIVE INVESTING: An investment strategy involving limited ongoing buying and selling actions. Passive investors will purchase investments with the intention of long term appreciation and limited maintenance, and typically don't actively attempt to profit from short term price fluctuations. Also known as a buy-and-hold strategy.

PRIMARY DEALER: A designation given by the Federal Reserve System to commercial banks or broker/dealers who meet specific criteria, including capital requirements and participation in Treasury auctions. These dealers submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission registered securities broker/dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PUBLIC SECURITIES ASSOCIATION (PSA): A trade organization of dealers, brokers, and bankers who underwrite and trade securities offerings.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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RANGE NOTE: An investment whose coupon payment varies and is dependent on whether the current benchmark falls within a pre-determined range.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REGIONAL DEALER: A securities broker/dealer, registered with the Securities & Exchange Commission (SEC), who meets all of the licensing requirements for buying and selling securities.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding securities issues following their initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.), and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

STUDENT LOAN MARKETING ASSOCIATION (SLMA or Sallie Mae): A federally established, publicly traded corporation which buys student loans from colleges and other lenders, pools them, and sells them to investors.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

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TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

OTAY
Portfolio Management
Portfolio Summary
June 30, 2010

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Corporate Notes	4,000,000.00	4,062,740.00	4,013,661.29	3.51	878	160	1.973	2.000
Federal Agency Issues- Callable	53,737,000.00	53,910,109.03	53,736,080.67	47.05	841	776	1.370	1.389
Certificates of Deposit - Bank	3,079,108.00	3,079,108.00	3,079,108.00	2.70	374	209	1.399	1.419
Local Agency Investment Fund (LAIF)	34,504,949.71	34,561,668.12	34,504,949.71	30.21	1	1	0.521	0.528
San Diego County Pool	18,878,241.73	18,851,000.00	18,878,241.73	16.53	1	1	1.161	1.177
	114,199,299.44	114,464,625.15	114,212,041.40	100.00%	437	377	1.101	1.116
Investments								
Cash								
Passbook/Checking (not included in yield calculations)	1,083,666.90	1,083,666.90	1,083,666.90		1	1	0.140	0.142
Total Cash and Investments	115,282,966.34	115,548,292.05	115,295,708.30		437	377	1.101	1.116
Total Earnings								
	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending					
Current Year	111,070.47	1,089,321.33	1,089,321.33					
Average Daily Balance	114,478,980.76	80,930,143.63						
Effective Rate of Return	1.18%	1.35%						

I hereby certify that the investments contained in this report are made in accordance with the District Investment Policy Number 27 adopted by the Board of Directors on September 6, 2006. The market value information provided by Interactive Data Corporation. The investments provide sufficient liquidity to meet the cash flow requirements of the District for the next six months of expenditures.


 Joseph Beachem, Chief Financial Officer

8-4-10

Portfolio OTAY

AP

PM (PRF_PM1) SymRept 6.41.200

Report Ver. 5.00



DISTRICT INVESTMENT POLICY

Policy # 27

September 1, 2010



POLICY REVIEW

- **Purpose:**

- Annual Review

- Delegation of Investment Authority

- **Analysis:**

- No policy changes at this time

- Policy last changed 09-06-06



INVESTMENT POLICY GUIDELINES

A. California Government Code:

- Sections 53600 through 53692

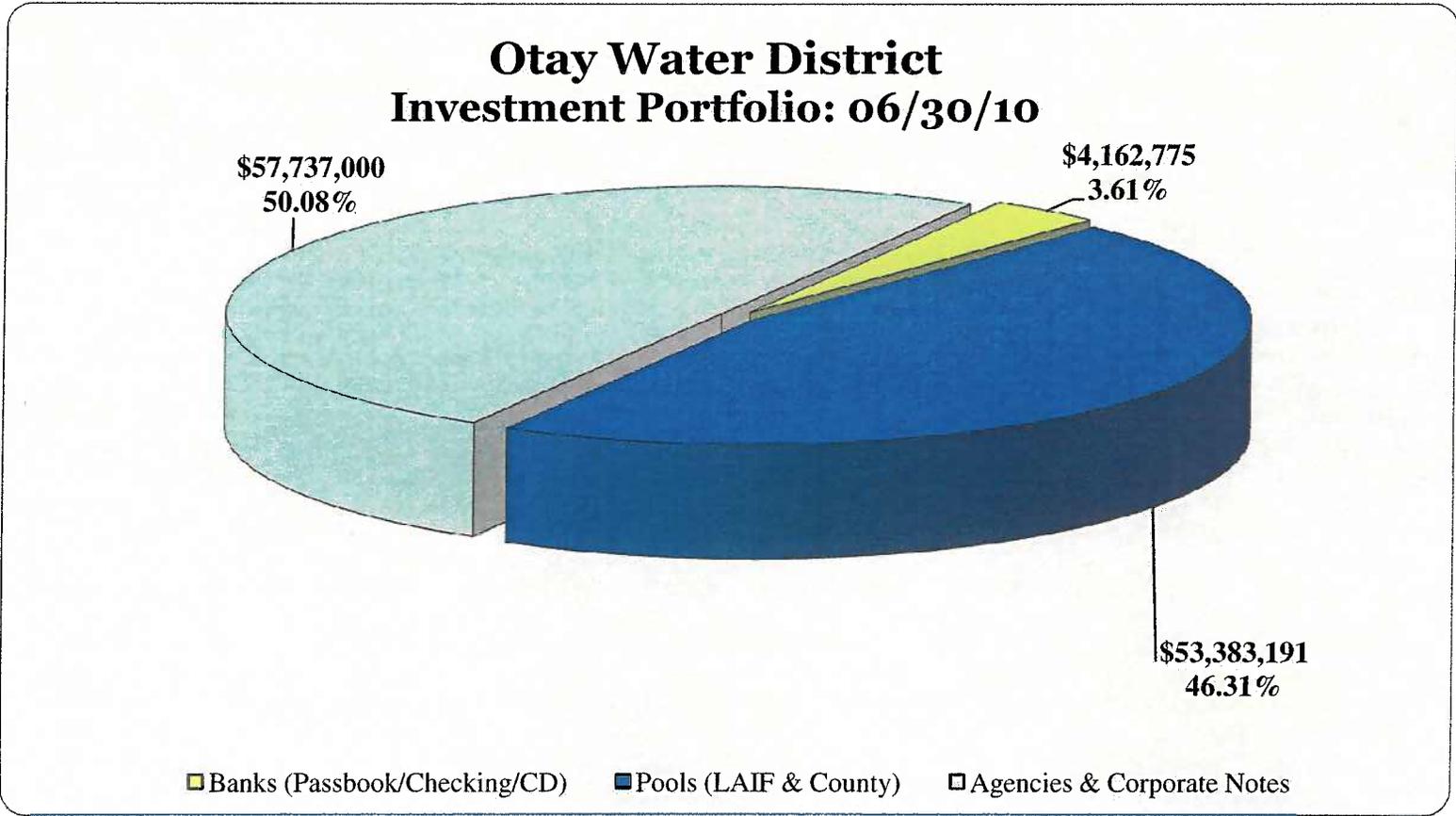
B. Investment Policy Certification:

- Association of Public Treasurers of the United States & Canada (APT US&C)

INVESTMENT PORTFOLIO: 6/30/10

		Authorized	
	\$('000s)	\$ / %	Actual %
LAIF (Operating)	\$18,505	\$40 Mil	16.05%
LAIF (Bonds)	\$16,000	100%	13.88%
Govt. Agency Bonds	\$53,737	100%	46.61%
Corporate Notes	\$4,000	30%	3.47%
Bank Deposits & CDs	\$4,163	15%	3.61%
San Diego County Pool	\$18,878	50%	16.38%
TOTAL:	\$115,283		

INVESTMENT PORTFOLIO: 6/30/10





INVESTMENT PERFORMANCE

Fund Objectives

- Safety
- Liquidity
- Return on Investment

Fund Performance:	<u>FY-10</u>	<u>FY-09</u>
➤ OTAY:	1.35%	2.82%
➤ LAIF:	0.65%	2.22%



REQUESTED BOARD ACTION

Re-delegate authority for all investment related activities to the Chief Financial Officer (CFO), in accordance with Government Code Section 53607.



AGENDA ITEM 6

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 1, 2010
SUBMITTED BY:	Kelli Williamson, <i>KW</i> Human Resources Manager	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Rom Sarno, Chief of Administrative Services	<i>[Signature]</i>	
APPROVED BY: (Asst. GM):	German Alvarez, Assistant General Manager, Finance and Administration	<i>[Signature]</i>	
SUBJECT:	Adopt Resolution No. 4165 to implement loan provisions with two 457 Deferred Compensation Plans: Nationwide Retirement Solutions and ICMA Retirement Corporation.		

GENERAL MANAGER'S RECOMMENDATION:

That the Board:

- 1) Adopt Resolution No. 4165 to implement loan provisions for Nationwide Retirement Solutions and ICMA Retirement Corporation 457 Deferred Compensation Plans.

COMMITTEE ACTION:

See Attachment A.

PURPOSE:

That the Board of Directors adopt Resolution 4165 (Attachment B) to implement loan provisions for Nationwide Retirement Solutions and ICMA Retirement Corporation 457 Deferred Compensation Plans.

ANALYSIS:

The District currently has three 457 Deferred Compensation Providers: Nationwide Retirement Solutions, ICMA Retirement Corporation and PERS 457 Deferred Compensation. In an effort to enhance our deferred compensation plans, the District solicited information from all three providers regarding their loan provisions. In reviewing the three programs and how they are administered, it was decided that ICMA and Nationwide have more similar programs and it is proposed that the District implement loans from these two providers.

By having similar loan programs in place, this will allow for ease of administration and monitoring of the loan programs by the

District. In order to ensure the District is in compliance with the IRS regulations for the maximum loan allowance, the District will only allow employees to take out one loan at a time against their 457 Deferred Compensation Plan. The loan will be for active employees only and the maximum loan term will be for 5 years or 15 years if the loan is taken out for buying a residence. The minimum amount of the loan will be \$1,000 and per IRS guidelines the maximum is 50% of the account balance or \$50,000, reduced by the highest outstanding balance of all loans from any 457 or 401 plan during the one-year period ending on the day before the loan is made.

While we have strived to maintain similarities in the two loan programs, each provider does have their own distinct interest rates and loan set up fees. These loan fees will be clearly outlined in the loan application documents that the employee will need to submit in order to take out a loan.

The District believes that adding a loan provision to the two 457 Deferred Compensation Plans mentioned will be a positive enhancement to our overall benefits program.

FISCAL IMPACT:



There is no fiscal impact to the District. If an employee is interested in applying for a loan, the employee will incur the applicable interest rates and loan fees issued by the provider he/she chooses.

STRATEGIC GOAL:

Retaining a dedicated workforce.

LEGAL IMPACT:

None.



General Manager

- Attachment A - Committee Action
- Attachment B - Resolution No. 4165- To implement loans from 457 Deferred Compensation Plans
- Attachment C - ICMA Retirement Corporation Loan Implementation Forms
- Attachment D - Nationwide Deferred Compensation Restated and Amended Plan and Trust/Custodial Document



ATTACHMENT A

SUBJECT/PROJECT:

Approve Resolution No. 4165 to implement loan provisions with two current 457 Deferred Compensation Plans (ICMA Retirement Corporation and Nationwide Retirement Solutions).

COMMITTEE ACTION:

The Finance, Administration and Communications Committee met on August 23, 2010 and the Committee supports Staff's recommendations to:

- 1) Approve Resolution No. 4165 to implement loan provisions with two 457 Deferred Compensation Plans: ICMA Retirement Corporation and Nationwide Retirement Solutions.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.

RESOLUTION NO. 4165

A RESOLUTION OF THE BOARD OF DIRECTORS
OF OTAY WATER DISTRICT
TO IMPLEMENT LOANS
FROM 457 DEFERRED COMPENSATION PLANS

WHEREAS, the Otay Water District presently provides its employees with the opportunity to participate in deferred compensation plans in accordance with section 457 of the Internal Revenue Code; and

WHEREAS, the District is authorized by federal law to permit participants in such plans to take loans from their respective plan accounts but has not previously permitted such loans; and

WHEREAS, the District now desires to permit plan participants to take loans from their respective plan accounts,

NOW, THEREFORE, BE IT RESOLVED that the District hereby permits plan participants to take loans from their respective plan accounts, to the extent permitted by federal and state law;

BE IT FURTHER RESOLVED that the District authorizes the General Manager to take all actions necessary to enable plan participants to take loans from their respective plan accounts, including but not limited to creating trusts, entering into contracts, and executing any necessary documents;

BE IT FURTHER RESOVLED that the District designates the General Manager to be the coordinator of all District deferred compensation programs; act as plan administrator and/or contract with other persons to serve as plan administrators; receive necessary reports, notices, etc. in relation to such plans or to trusts created to maintain plan funds; execute all necessary agreements; determine whether to add, maintain, or eliminate a plan; perform administrative duties to carry out any plan; serve as the District's trustee and/or representative for any trust created or maintained in conjunction with or relation to a plan; cast, on behalf of the District, any required votes; obtain such professional and/or legal advice as may be necessary to ensure compliance with federal and state laws affecting deferred compensation programs; and, at his/her discretion, delegate any or all of the foregoing responsibilities to the other District employees.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Otay Water District at a regular meeting held this 1st day of September, 2010.

Ayes:
Noes:
Abstain:
Absent:

President

ATTEST:

District Secretary

Loan Guidelines Agreement

Name of Plan (please state the Employer's complete name, including state): _____
 Otay Water District - California

Plan Type: 401(a) Money Purchase Plan 401 Profit-Sharing Plan 457 Deferred Compensation Plan

ICMA-RC Plan Number: 304143

I. Purpose

The purpose of these guidelines is to establish the terms and conditions under which the Employer will grant loans to participants. This is the only official Loan Provision Document of the above named Plan.

II. Eligibility

Loans are available to all active employees. Loans will not be granted to participants who have an existing loan in default. Loans will be pro-rated among all the funds in which the participant is invested at the time the loan is made.

For 401 plans only:

Loans are available from the following sources: [select one or both]

- Employer Contribution Account (vested balances only)
- Participant Contribution Accounts (pre- and post-tax, if applicable, including Employee Mandatory, Employee Voluntary, Employer Rollover, and Portable Benefits Accounts, but excluding the Deductible Employee Contribution/Qualified Voluntary Employee Contribution Account)

For Roth 401(k) plans only:

A participant's Designated Roth Account balance can be used to secure a participant loan.

Designated Roth Account balances [select one]

- will not (default option) be available as a source for loans under the Plan.
- will be available as a source for loans under the Plan. (Note: Using the Roth source for loans may have negative tax consequences for participants.)

For all plan types:

Loans are available for the following purposes: [select one]

- All purposes
- Loans shall only be granted in the event of a participant's hardship or for the purpose of enabling a participant to meet certain specified financial situations. The employer shall approve the participant's loan application after determining, based on all relevant facts and circumstances, that the amount of the loan is not in excess of the amount required to relieve the financial need. For this purpose, financial need shall include, but not be limited to: unreimbursed medical expenses of the participant or members of the participant's immediate family, establishing or substantially rehabilitating the principal residence of the participant, or paying for a college education (including graduate studies) for the participant or his/her dependents.

III. Frequency of loans [select one]

- Participants may receive one loan per calendar year. Moreover, participants may have only one (1) outstanding loan at a time.
- Participants may receive one loan per calendar year. Moreover, no participant may have more than five (5) loans outstanding at one time.

IV. Loan amount

The minimum loan amount is \$1,000.

The maximum amount of all loans to the participant from the plan and all other plans sponsored by the Employer that are qualified employer plans under section 72(p)(4) of the Code is the *lesser* of:

- (1) \$50,000, reduced by the highest outstanding balance of all loans from any 401 or 457 plans for that participant during the one-year period ending on the day before the date a loan is to be made, or
- (2) one half of the participant's vested account balance, reduced by the current outstanding balance of all 401 and 457 loans from all plans for that participant.

If a participant has any loans outstanding at the time a new loan is requested, the new loan will be limited to the maximum amount calculated above reduced by the total of the outstanding loans.

A loan cannot be issued for more than the above amount. The participant's requested loan amount is subject to downward adjustment without notice due to market fluctuation between the time of application and the time the loan is made.

V. Length of loan

A loan must be repaid in substantially equal installments of principal and interest, at least monthly, over a period that does not exceed five (5) years.

Loans for a principal residence must be repaid in substantially equal installments of principal and interest, at least monthly, over a period that does not exceed 15 years [state number of years] years (maximum 30 years).

VI. Loan repayment process

Loan repayments for active employees must be through (**choose one**):

- Payroll deduction only.
- ACH debit only.*
- Employee may choose either payroll deduction or ACH debit.*

If **payroll deduction repayment is allowed**, and the employee wishes to use this method, the employee must notify the Employer so that the Employer can ensure that repayment will begin as soon as practicable on a date determined by the Employer's payroll cycle. Failure to begin payroll deduction in a timely way could lead to the employee's loan entering delinquency status. Payroll deduction should begin within two payroll cycles following the employee's receipt of the loan.

* Please note a \$20 processing fee will be assessed to a participant's ICMA-RC account when a scheduled loan repayment(s) via ACH is rejected due to insufficient funds, invalid bank account information, or account closure in the participant's designated payment account.

Loan Guidelines Agreement

Repayments through payroll deduction will be sent via check or wire by the Employer to ICMA-RC on the following cycle (**choose one**):

- Weekly (52 per year)
- Bi-weekly (26 per year)
- Semi-monthly (24 per year)
- Monthly (12 per year)

If ACH debit repayment is allowed, debits from the employee's designated bank account will begin approximately one month following the date the employee's signed ACH authorization form is received and processed by ICMA-RC, or, in the case of online loans, approximately one month following the date the loan check has been cleared for payment. Debits will normally be made on a monthly basis.

Loans outstanding for former employees or employees on a leave of absence must be repaid on the same schedule as if payroll deductions were still being made unless they reamortize their loans and establish a new repayment schedule that provides that substantially equal payments are made at least monthly over the remaining period of the loan.

Loan payments, including loan payments from former employees, are allocated to the participant's current election of investment options on file with ICMA-RC.

The participant may pay off all or a portion of the principal and interest early without penalty or additional fee. Extra payments are applied forward to both principal and interest as specified in the original repayment schedule, unless the additional payment is for the balance due.

VII. Loan interest rate

The rate of interest for loans of five (5) years or less will be based on prime plus 0.5%.

The rate of interest for loans for a principal residence will be based on the FHA/VA rate.

Interest rates are determined on the last business day of the month preceding the month the loan is disbursed. The interest rate is locked in at the time a loan is approved and remains constant throughout the life of the loan.

The prime interest rate is determined on the last business day of each month using www.nfsn.com as the source. The FHA/VA interest rate is also determined on the last business day of each month using www.bankofamerica.com as the source.

Loan interest rates for new loans taken in different months may fluctuate upward or downward monthly, depending on the movement of the prime and FHA/VA interest rates.

The employer may modify the manner in which loan interest rates will be determined, but only with respect to future loans.

VIII. Loan application procedure

Loans must be requested using the following method (**check one**):

- Online only:** All loans must be requested online by employees through ICMA-RC's Account Access site at www.icmarc.org, with Employer pre-authorization as outlined in italics below.

If an employee is married at the time of application, and spousal consent is required by the Plan for the loan, the employee's spouse must consent, in writing, to the loan and the consent must be witnessed by a plan representative or notary public. Such consent must be received in writing by ICMA-RC no more than ninety (90) days before the loan request is submitted through Account Access.

The promissory note, truth-in-lending rescission notice and disclosure statement are presented to the employee online through Account Access at the time the employee submits the loan request. The employee confirms receipt and acceptance of these documents by clicking on the affirmative buttons on the Account Access program.

ICMA - RC

The employer hereby authorizes all future loans requested through the online process via Account Access, as well as any requests that employees submit on paper forms, pending review of the application by ICMA-RC. Notice of loan issuance will be provided to the Employer via reports posted on the EZLink site.

The loan amount will generally be redeemed from the employee's account on the same day as the employee's successful submission of the loan request through Account Access, if it is submitted prior to 4:00 p.m. ET on a business day. If not, the loan amount will be redeemed on the next business day following submission. The loan check is generally issued on the next business day following redemption, and will be mailed directly to the employee. The employee's presentment of the loan check for payment constitutes an acknowledgment that the employee has received and read the loan disclosure information provided by ICMA-RC and agrees to the terms therein.

Loan repayment will begin as soon as practicable following the employee's presentment of the loan check for payment.

- Online and through Direct Loan application:** All loans must be requested either online by employees through ICMA-RC's Account Access site at www.icmarc.org, or through the Direct Loan application, both of which require pre-authorization by the Employer as outlined in italics below.

If an employee is married at the time of application, and spousal consent is required by the Plan for the loan, the employee's spouse must consent, in writing, to the loan and the consent must be witnessed by a plan representative or notary public. Such consent must be received in writing by ICMA-RC no more than ninety (90) days before the loan request is submitted through Account Access. In the case of the Direct Loan Application, spousal consent should be sent along with the application.

The promissory note, truth-in-lending rescission notice and disclosure statement are mailed to the employee along with the issued loan check. The employee confirms receipt and acceptance of these documents and terms at the time the endorsed check is presented for payment.

The Employer hereby authorizes all future loans requested through the online process via Account Access, as well as any requests that employees submit on paper forms, pending review of the application by ICMA-RC. Notice of loan issuance will be provided to the Employer via reports posted on the EZLink site.

The loan amount will generally be redeemed from the employee's account on the same day as either ICMA-RC's receipt of a loan application (complete and in good order), or the employee's successful submission of the loan request through Account Access, if it is submitted prior to 4:00 p.m. ET on a business day. If not, the loan amount will be redeemed on the next business day following submission. The loan check is generally issued on the next business day following redemption, and will be mailed directly to the employee. The employee's presentment of the loan check for payment constitutes an acknowledgment that the employee has received and read the loan disclosure information provided by ICMA-RC and agrees to the terms therein.

Loan repayment will begin as soon as practicable following the employee's presentment of the loan check for payment.

- Direct Loan application only:** All loans must be requested through the Direct Loan application, which requires pre-authorization by the Employer as outlined in italics below.

If an employee is married at the time of application, and spousal consent is required by the Plan for the loan, the employee's spouse must consent, in writing, to the loan and the consent must be witnessed by a plan representative or notary public. Such consent must be received in writing by ICMA-RC along with the Direct Loan Application.

The promissory note, truth-in-lending rescission notice and disclosure statement are mailed to the employee along with the issued loan check. The employee confirms receipt and acceptance of these documents at the time the endorsed check is presented for payment.

The employer hereby authorizes all future loans requested on paper forms, pending review of the application by ICMA-RC. Notice of loan issuance will be provided to the Employer via reports posted on the EZLink site.

The loan amount will generally be redeemed from the employee's account on the same day as ICMA-RC's receipt of a loan application (complete and in good order).

Loan Guidelines Agreement

The loan check will generally be issued from the employee's account on the next business day following redemption. The loan check will be mailed directly to the employee. The employee's presentment of the loan check for payment constitutes an acknowledgment that the employee has received and read the loan disclosure information provided by ICMA-RC and agrees to the terms therein.

Loan repayment will begin as soon as practicable following the employee's presentment of the loan check for payment.

- Loan application through the Employer:** All loans must be requested in writing on an application approved by the plan administrator. The application must be signed by the participant. The Employer must review and approve each participant's application.

The participant will be required to sign a promissory note evidencing the loan and a disclosure statement that includes an amortization schedule prior to receiving a loan check. Loan checks will generally be issued on the next business day following ICMA-RC's receipt of a complete loan application. The loan check, promissory note, disclosure statement and truth-in-lending rescission notice will be sent to the employer, who will obtain the necessary signatures and deliver the check to the participant. All executed documents must be returned to ICMA-RC within 10 calendar days from the date the check is issued.

IX. Security/Collateral

That portion of a participant's account balance that is equal to the amount of the loan is used as collateral for the loan. The collateral amount may not exceed 50 percent of the participant's account balance at the time the loan is taken. Only the portion of the account-balance that corresponds to the amount of the outstanding loan balance is used as collateral.

X. Acceleration [select one]

- All loans are due and payable in full upon separation from service.
- All loans are due and payable when a participant receives a distribution of **all** of his/her account balance after separation from service. The amount of the outstanding loan balance will be reported as a distribution in addition to the amount of cash distributed from the plan.
- All loans are due and payable when a participant receives a distribution of **part** of his/her account balance after separation from service. The amount of the outstanding loan balance will be reported as a distribution in addition to the amount of cash distributed from the plan.

XI. Reamortization

Any outstanding loan may be reamortized. Reamortization means changing the terms of a loan, such as length of repayment period, interest rate, and frequency of repayments. A loan may not be reamortized to extend the length of the loan repayment period to more than five (5) years from the date the loan was originally made, or in the case of a loan to secure a principal residence, beyond the number of years specified by the employer in Section V above.

A participant must request the reamortization of a loan in writing on a reamortization application acceptable to the plan administrator. Upon processing the request, a new disclosure statement will be sent to the employer for endorsement by the participant and approval by the employer. The executed disclosure statement must be returned to the plan administrator within 10 calendar days from the date it is signed. The new disclosure statement is considered an amendment to the original promissory note, therefore a new promissory note will not be required.

A reamortization will not be considered a new loan for purposes of calculating the number of loans outstanding or the one loan per calendar year limit.

XII. Refinancing existing loans

If a participant has one outstanding loan, that loan may be refinanced. If a participant has more than one outstanding loan, no loans may be refinanced. Refinancing means concurrently repaying an existing loan and borrowing an additional amount through a new loan. Refinancing includes any situation in which one loan replaces another loan and the term of the replacement loan does not exceed the latest permissible term of the replaced loan.

In order to refinance an existing loan, a participant must request this in writing on an application approved by the plan administrator. Such request must be made at a time when the participant is eligible to obtain a loan as defined by the employer in Section III above. The amount of the additional loan amount requested for the purpose of refinancing is subject to the loan limits specified in Section IV above.

Because a refinancing is considered a new loan, only active employees may refinance an outstanding loan.

XIII. Reduction of Loan

If a participant dies prior to full repayment of the outstanding loan(s), the outstanding loan balance(s) will be deducted from the account prior to distribution to the beneficiary(ies). The unpaid loan amount is a taxable distribution and may be subject to early withdrawal penalties. The participant's estate is responsible for taxes or penalties on the unpaid loan amount, if any. A beneficiary is responsible for taxes due on the amount he or she receives. A Form 1099 will be issued to both the beneficiary and the estate for these purposes.

XIV. Deemed Distribution

Loan repayments must be made in accordance with the plan document, plan loan guidelines, and as reflected in the promissory note signed by the participant. If a scheduled payment is not paid within 30, 60, and/or 90 days of the due date, a notice will be sent to both the employee and the employer.

A loan will be deemed distributed when a scheduled payment is still unpaid at the end of the calendar quarter following the calendar quarter in which the payment was due. If the total amount of any delinquent payment is not received by ICMA-RC by the end of the calendar quarter following the calendar quarter in which the payment was due, the loan is considered a taxable distribution, and the principal balance, in addition to any accrued interest, is reported as a distribution to the IRS. However, no money is paid in this distribution, because the participant already has the loan proceeds.

The loan is deemed distributed for tax purposes, but it is not an actual distribution and therefore remains an asset of the participant's account. Interest continues to accrue. The outstanding loan balance and accrued interest are reported on the participant's account statement.

Repayment of a deemed distribution will not change or reverse the taxable event.

The loan continues to be outstanding, and to accrue interest, until it is repaid or offset using the participant's account balance. An offset can occur only if the participant is eligible to receive a distribution from the plan as outlined in the plan document.

Participants are required to repay any outstanding loan which has been deemed distributed before they can be eligible for a new loan. The deemed distribution and any interest accrued since the date it became a taxable event is taken into account when determining the maximum amount available for a new loan. New loans must be repaid through payroll deduction.

Loan Guidelines Agreement

The employer is obligated by federal regulation to comply with the loan guideline requirements applicable to participant loans, and to ensure against deemed distribution by monitoring loan repayments, regardless of the method of repayment, and by advising employees if loans are in danger of being deemed distributed. The tax-qualified status or eligibility of the entire plan may be revoked in cases of frequent repayment delinquency or deemed distribution.

XV. Fees

Fees may be charged for various services associated with the application for and issuance of loans. All applicable fees will be debited from the participant's account balance and/or from the participant's loan repayments prior to crediting the repayment of principal and interest to the participant's account. A schedule of fees applicable to this plan is specified in ICMA-RC's current publication of *Making Sound Investment Decisions: A Retirement Investment Guide*.

XVI. Other

The employer has the right to set other terms and conditions as it deems necessary for loans from the plan in order to comply with any legal requirements. All terms and conditions will be administered in a uniform and non-discriminatory manner.

In Witness Whereof, the employer hereby caused these Guidelines to be executed this 1st day
of September, 2010.

EMPLOYER

By: Mark Watton

Title: General Manager

Attest: _____

Accepted: ICMA RETIREMENT CORPORATION

By: _____

Title: _____

Attest: _____

**OTAY WATER DISTRICT 457 PLAN AND TRUST
RESTATED AND AMENDED
DEFERRED COMPENSATION PLAN AND TRUST/CUSTODIAL DOCUMENT
FOR PUBLIC EMPLOYEES**

**LOANS TO PARTICIPANTS AMENDMENT TO NATIONWIDE RETIREMENT
SOLUTIONS PLAN DOCUMENT**

WHEREAS, The Otay Water District ("Plan Sponsor") executed the above referenced Plan Document, as amended; and

WHEREAS, effective September 1, 2010, the Plan Sponsor now desires to further amend the plan document.

The following Section 16.1 is hereby added:

16.1 Loans to Participants

- (a) The Authority has elected to make loans available to Participants and has delegated certain administrative duties regarding loans from the Plan to the Administrator.
- (b) Any loan by the Plan to a Participant under this Section shall be subject to the loan administrative procedures established by the Administrator as well as the following requirements:
 - (i) **Loan Eligibility.** Any Eligible Active Employee Participant may apply for a loan from the Plan. A Participant who has defaulted on a previous loan from the Plan shall not be eligible for another loan from the Plan until all defaulted loans are repaid in full, including accrued interest and fees.
 - (ii) **Loan Application and Loan Agreement.** A Participant must complete and return to the Employer (Plan Sponsor) a loan application. A non-refundable application fee established by the Administrator will be deducted from the Participant's Account(s) at the time of loan origination. Before a loan is issued, the Participant must enter into a legally enforceable loan agreement as provided for by the Administrator.
 - (iii) **Loan Repayment.** The Participant receiving a loan shall be required to furnish to the Administrator any information and authorization necessary to effectuate repayment of the loan prior to the commencement of a loan. In the event that a payment cannot be processed because of lack of sufficient funds, the Administrator shall

assess an insufficient funds charge, which will be deducted from the Participant's Account(s).

- (iv) Loan Term and Interest Rate. The maximum term over which a loan may be repaid is five (5) years (or fifteen (15) years if Otay Water District permits loans for the purchase of a Participant's principal residence). Each loan shall be amortized in substantially equal payments consisting of principal and interest during the term of the loan, except that the amount of the final payment may be higher or lower. The Administrator shall establish the interest rate for any loan.
- (v) Loan Frequency. Each Participant may have only one (1) Plan loan outstanding at any given time. A Plan loan which is in default, even if the defaulted loan was treated as a "deemed distribution" under federal regulations, shall be treated as an outstanding loan until such Participant's account balance is offset by the amount of principal and accrued interest under the loan.
- (vi) Default. The Participant must pay the full amount of each loan payment (principal and interest) on the date that it is due. Failure to make such a payment by the due date, or within any cure period established by the Administrator, shall cause the Participant to be in default for the entire amount of the loan, including any accrued interest. A loan will also be in default if the Participant either refuses to execute, revoke, or rescind any agreement necessary to comply with the provisions of this Section or the loan administrative procedures established by the Administrator, commences or has commenced against Participant a bankruptcy case, or upon the death of the Participant.
- (vii) Loan Security. By accepting a loan, the Participant is giving a security interest in their vested Plan balance as of the loan process date, together with all additions thereof, to the Plan that shall at all times be equal to one hundred percent (100%) of the unpaid principal balance of the loan together with accrued interest.
- (viii) Loan Amount. The maximum amount of any loan permitted under the Plan is the lesser of (i) fifty percent (50%) of the Participant's vested account balance less any outstanding loan balances under the Plan or (ii) \$50,000.00 less the highest outstanding loan balance during the preceding one-year period. The minimum loan amount shall be \$1,000.00. The Participant and not the Administrator shall at all times remain responsible for ensuring that any loan received under the Plan is in accordance with these limits with regard to any other loans received by the Participant under any other plans of the Otay Water District .

- (ix) Loan Maintenance Fee. Until a loan is repaid in full, an annual loan maintenance fee established by the Administrator will be deducted from the Participant's Account(s).
 - (x) Loan Default Fee. At the time when a default occurs, a Loan Default Fee established by the Administrator will be deducted from the Participant's Account(s). This Loan Default Fee will be applied on an annual basis thereafter on the anniversary of the default date until the loan is repaid upon the occurrence of a distributable event.
- (c) The Administrator shall fix such other terms and conditions necessary to the administrative maintenance of the provisions of this Section and as necessary to comply with the IRC and regulations there under.

IN WITNESS WHEREOF, the undersigned has executed this Amendment this First day of September, 2010.

Otay Water District:

By: Mark Watton, General Manager



AGENDA ITEM 7

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 1, 2010
SUBMITTED BY:	Yuri A. Calderon, General Counsel	W.O./G.F. NO:	DIV. NO. ALL
APPROVED BY: (GM):	Mark Watton, General Manager		
SUBJECT:	ADOPT ORDINANCE NO. 526 AMENDING SECTION 6, CONFLICT OF INTEREST CODE, OF THE DISTRICT'S CODE OF ORDINANCES		

GENERAL COUNSEL'S RECOMMENDATION:

That the Board adopt Ordinance No. 526 amending Section 6, Conflict of Interest Code, of the District's Code of Ordinances. The amendments are reflected in Exhibit A of Attachment B.

COMMITTEE ACTION: _____

None.

PURPOSE:

To amend the Appendix of the Conflict of Interest Code contained within the District's Code of Ordinances to expand the list of positions required to file a Form 700.

ANALYSIS:

As required by the Political Reform Act ("Act"), the General Counsel has conducted a biennial review of the District's Conflict of Interest Code ("COI Code") and the body of the code requires no updates. However, the District desires to expand the list of positions required to file a Form 700. It has been determined that the titles of the positions identified in Exhibit A of Attachment B participate in the making of decisions that may have a material effect on financial interest as established by the District's COI Code and, as such, should file a Form 700. The titles of the designated employees have been added to the Appendix of the COI Code, as reflected in Exhibit A to Attachment B to this staff report.



General Manager

Attachments:

Attachment A: Committee Action

Attachment B: Ordinance No. 526, Amending Conflict of
Interest Code



ATTACHMENT A

SUBJECT/PROJECT:	ADOPT ORDINANCE NO. 526 AMENDING SECTION 6, CONFLICT OF INTEREST CODE, OF THE DISTRICT'S CODE OF ORDINANCES
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COMMITTEE ACTION:

The Finance, Administration and Communications Committee met on August 23, 2010 to review this item. The Committee supports presentation to the full Board for their consideration.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.

ATTACHMENT B

ORDINANCE NO. 526

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE OTAY WATER DISTRICT AMENDING THE DISTRICT'S CONFLICT OF INTEREST ORDINANCE

BE IT ORDAINED by the Board of Directors of Otay Water that the following Section of the District's Code of Ordinances be amended as follows:

OTAY WATER DISTRICT CONFLICT OF INTEREST CODE DESIGNATED POSITIONS

The Treasurer and all District Officials who manage the investment of public funds are included in and governed by this Conflict of Interest Code only with respect to its disqualification provisions. For purposes of disclosure, the Treasurer and all District Officials who manage the investment of public funds are governed by the statutory conflict of interest provisions of Article 2 of Chapter 7 of the Political Reform Act of 1974. (Government Code Sections 87200, et seq.)

<u>DESIGNATED EMPLOYEES'</u> <u>TITLE OR FUNCTION</u>	<u>DISCLOSURE CATEGORIES ASSIGNED</u>
Members of the Board of Directors	1, 2, 3, 4, 5, 6
General Manager	1, 2, 3, 4, 5, 6
Secretary of District	6
Asst. General Manager, Finance and Administration	1, 2, 3, 4, 5, 6, 7
Asst. General Manager, Engineering and Operations	1, 2, 3, 4, 6, 7
Chief of Administrative Services	1, 2, 3, 4, 5, 6
Chief Financial Officer	1, 2, 5, 7
Chief Information Officer	1, 3, 7

⁷ Designated Persons are prohibited from accepting gifts from any single source in a calendar year with a total value in excess of designated amounts. See Govt. Code § 89503, sub-divisions (e), (f) and (g). [Note: Pursuant to 2 CCR § 18940.2 (b), the FPPC adjusts the gift limit every odd-numbered year to reflect changes in the Consumer Price Index; therefore, the \$390 limit adopted by the FPPC in January of 2007 will be updated in January 2009 and every odd year thereafter, until further notice.

Chief of Water Operations	1, 2, 3, 4, 7
Associate Civil Engineer	1, 2, 3, 4, 7
Communications Officer	6
Environmental Compliance Specialist	1, 2, 3, 4, 7
Engineering Manager/Design, Construction, and Planning	1, 2, 3, 4, 7
Engineering Manager/Water Resources	1, 2, 3, 4, 7
Finance Manager, Controller, and Budget	2, 5, 7
Finance Manager, Treasury, and Accounting	2, 5, 7
GIS Manager	3, 6, 7
Human Resources Manager	3, 6
IT Operations Manager	3, 6, 7
Network Engineer	3, 6, 7
Public Services Manager	1, 2, 3, 4, 7
Purchasing and Facilities Manager	2, 6
Senior Buyer	6
Senior Civil Engineer	1, 2, 3, 4, 7
System Operations Manager	1, 2, 3, 4, 7
Utility Services Manager	1, 2, 3, 4, 7
Water Conservation Manager	2, 3, 4, 6
Consultant ¹	1, 2, 3, 4, 5, 6

¹ Consultants are required to file disclosure statements where they: (a) conduct research and arrive at conclusions with respect to rendition of information, advice, recommendation or counsel independent of control and direction of the agency or any agency official other than normal contract monitoring; and (b) possess no authority with respect to any agency decision beyond the rendition of information, advice, recommendation or counsel. The determination as to whether a consultant shall be required to file a disclosure statement shall be made by the General Manager or his or her designee.

NOW, THEREFORE, BE IT RESOLVED DETERMINED AND ORDERED by the Board of Directors of the Otay Water District as follows:

1. The existing Section 6, Conflict of Interest Code, of the District's Code of Ordinance is hereby amended as set forth in Exhibit A attached hereto; and
2. The District Secretary is authorized and directed to file the amended Conflict of Interest Code with the Clerk of the Board of Supervisors of the County of San Diego; and
3. The General Manager and the District Secretary are hereby ordered to take any and all actions and steps necessary to carry out the provisions of this ordinance; and
4. This Ordinance shall become effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED by the board of Directors of the Otay Water District at a regular meeting duly held this 1st day of September, 2010, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President of the Board of Directors

ATTEST:

Secretary

EXHIBIT A

DIVISION I DISTRICT ADMINISTRATION
CHAPTER 5 PERSONNEL PRACTICES
SECTION 6 CONFLICT OF INTEREST CODE

6.01 DEFINITIONS

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (2 Cal. Code of Regs. Sections 18100, *et seq.*), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

6.02 DESIGNATED EMPLOYEES

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on financial interests.

6.03 DISCLOSURE CATEGORIES

This Code does not establish any disclosure obligation for those designated employees who are also specified in Government Code Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their financial interest pursuant to Article 2 of Chapter 2 of the Political Reform Act, Government Code Sections 87200, *et seq.*¹ In addition, this code does not establish any disclosure obligation for any designated public officials who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Government Code Section 87200; and

(C) The filing officer is the same for both agencies.

¹ Designated employees who are required to file statements of economic interest under any other agency's Conflict of Interest Code or under Article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interest in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and district statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Government Code Section 81004.

Such persons are covered by this Code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of financial interest are reportable. Such a designated employee shall disclose in his or her statement of economic interest those financial interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the financial interests set forth in a designated employee's disclosure categories are the kinds of financial interest which he or she foreseeably can affect materially through the conduct of his or her office.

6.04 STATEMENTS OF ECONOMIC INTERESTS: PLACE OF FILING

All officials and employees required to submit a statement of economic interest (employees in Designated Positions) shall file their statements with the General Manager, or his or her designee. The District shall make and retain a copy of all statements filed by Designated Positions and forward the originals of such statements to the Executive Office of the Board of Supervisors of San Diego County. All retained statements, originals or copies shall be available for public inspection and reproduction. (Cal. Gov't Code § 81008)²

6.05 STATEMENTS OF ECONOMIC INTERESTS: TIME OF FILING

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

² See Government Code section 81010 and 2 Cal. Code of Regs. section 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

STATEMENTS FOR PERSONS WHO RESIGN PRIOR TO ASSUMING OFFICE

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or a leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

1. File a written resignation with the appointing power; and
2. File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

CONTENTS OF AND PERIOD COVERED BY STATEMENTS OF ECONOMIC INTERESTS

(A) Contents of Initial Statements

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or on the date of appointment, and income received during the 12 months prior to the date of assuming office or the date of being appointed, respectively.

(C) Contents of Annual Statements

Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office, whichever is later.

(D) Contents of Leaving Office Statements

Leaving office statements shall disclose reportable investments, interest in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

6.08 MANNER OF REPORTING

Statements of economic interest shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investments and Real Property Disclosure

When an investment or an interest in real property³ is required to be reported⁴, the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property exceeds two thousand dollars (\$2,000), exceeds ten thousand dollars (\$10,000), exceeds one hundred thousand dollars (\$100,000), or exceeds one million dollars (\$1,000,000).

(B) Personal Income Disclosure

When personal income is required to be reported⁵, the statement shall contain:

³ For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

⁴ Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

⁵ A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

1. The name and address of each source of income aggregating \$500 or more in value or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was one thousand dollars (\$1,000) or less, greater than one thousand dollars (\$1,000), greater than ten thousand dollars (\$10,000), or greater than one hundred thousand dollars (\$100,000);
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
5. File In the case of a loan, the annual interest rate and the security, if any, given for the loan.

(C) Business Entity Income Disclosure

When income of a business entity, including income of a sole proprietorship is required to be reported⁶, the statement shall contain:

1. The name, address and a general description of the business activity of the business entity;
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure

When business positions are required to be reported, a designated employee shall list the name and address of each business entity in

⁶ Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

which he or she is a director, officer, partner, trustee, employee or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period

In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

6.09 PROHIBITION ON RECEIPT OF HONORARIA

A. No designated public official shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

Subdivisions (a), (b), and (c) of Government Code Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506.

6.10 PROHIBITION ON RECEIPT OF GIFTS IN EXCESS OF AMOUNT ESTABLISHED BY LAW⁷

A. No designated public official shall accept gifts with a total value of more than the maximum amount established by law, in any calendar year, from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

Subdivisions (e), (f), and (g) of Government Code section 89503 shall apply to the prohibitions in this section.

6.11 LOANS TO PUBLIC OFFICIALS

A. No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government

⁷ Designated Persons are prohibited from accepting gifts from any single source in a calendar year with a total value in excess of designated amounts. See Govt. Code § 89503, sub-divisions (e), (f) and (g). [Note: Pursuant to 2 CCR § 18940.2 (b), the FPPC adjusts the gift limit every odd-numbered year to reflect changes in the Consumer Price Index; therefore, the \$390 limit adopted by the FPPC in January of 2007 will be updated in January 2009 and every odd year thereafter, until further notice.]

agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

B. No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

C. No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

D. No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

E. This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the

loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

6.12 LOAN TERMS

A. Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of five hundred dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

B. This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

4. Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

6.13 PERSONAL LOANS

A. Except as set forth in subdivision (B), a personal loan received by any designated public official shall become a gift to the designated public official for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of one hundred dollars (\$100) or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than two hundred fifty dollars (\$250) during the previous 12 months.

B. This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

C. Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

6.14 DISQUALIFICATION

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to

official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

- (D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or
- (E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating to the maximum amount established by law, or more, in value provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

6.15 LEGALLY REQUIRED PARTICIPATION

No designated public official shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated public official who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

6.16 DISQUALIFICATION OF STATE OFFICERS AND EMPLOYEES

In addition to the general disqualification provisions of Section 6.14, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

- (A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
- (B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1000 or more.

6.17 DISCLOSURE OF DISQUALIFYING INTEREST

When a designated public official determines that he or she should not make a governmental decision because he or she has a

disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

6.18 ASSISTANCE OF THE COMMISSION AND COUNSEL

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Government Code Section 83114 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

6.19 VIOLATIONS

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Government Code Sections 81000 - 91015. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Government Code Section 87100 or 87450 has occurred may be set aside as void pursuant to Government Code Section 91003.

6.20 PROHIBITED TRANSACTIONS

Members of the Board of Directors and Designated Employees shall comply with the Prohibited Transactions policy, annexed hereto as Exhibit A, pursuant to California Government Code Sections 1090, et seq.

6.21 INCOMPATIBLE ACTIVITIES

Members of the Board of Directors, District officers, and all other District employees shall comply with the Incompatible Activities policy, annexed hereto as Exhibit B, pursuant to California Government Code Sections 1126, et seq.

APPENDIX

**OTAY WATER DISTRICT
CONFLICT OF INTEREST CODE
DESIGNATED POSITIONS**

The Treasurer and all District Officials who manage the investment of public funds are included in and governed by this Conflict of Interest Code only with respect to its disqualification provisions. For purposes of disclosure, the Treasurer and all District Officials who manage the investment of public funds are governed by the statutory conflict of interest provisions of Article 2 of Chapter 7 of the Political Reform Act of 1974. (Government Code Sections 87200, et seq.)

**DESIGNATED EMPLOYEES'
TITLE OR FUNCTION**

DISCLOSURE CATEGORIES ASSIGNED

Members of the Board of Directors	1, 2, 3, 4, 5, 6
General Manager	1, 2, 3, 4, 5, 6
Secretary of District	1, 2, 4, 5, 6
Asst. General Manager, Finance and Administration	1, 2, 3, 4, 5, 6, 7
Asst. General Manager, Engineering and Operations	1, 2, 3, 4, <u>6</u> , 7
Chief of Administrative Services	1, 2, 3, 4, 5, 6
Chief Financial Officer	1, 2, 5, 7
Chief Information Officer	1, 2 , 3 , 6 , 7
Chief of Engineering	1, 2, 3, 4, 7
Chief of Water Operations	1, 2, 3, 4, 7
<u>Associate Civil Engineer</u>	<u>1, 2, 3, 4, 7</u>
Communications Officer	1, 2, 4, 5, 6
<u>Environmental Compliance Specialist</u>	<u>1, 2, 3, 4, 7</u>

<u>Engineering Manager/Design, Construction, and Planning</u>	<u>1, 2, 3, 4, 7</u>
<u>Engineering Manager/Water Resources</u>	<u>1, 2, 3, 4, 7</u>
<u>Finance Manager, Controller, and Budget</u>	<u>2, 5, 7</u>
<u>Finance Manager, Treasury, and Accounting</u>	<u>2, 5, 7</u>
<u>GIS Manager</u>	<u>3, 6, 7</u>
<u>Human Resources Manager</u>	<u>3, 6</u>
<u>IT Operations Manager</u>	<u>3, 6, 7</u>
<u>Network Engineer</u>	<u>3, 6, 7</u>
<u>Public Services Manager</u>	<u>1, 2, 3, 4, 7</u>
<u>Purchasing and Facilities Manager</u>	<u>1, 2, 6</u>
<u>Senior Buyer</u>	<u>6</u>
<u>Senior Civil Engineer</u>	<u>1, 2, 3, 4, 7</u>
<u>System Operations Manager</u>	<u>1, 2, 3, 4, 7</u>
<u>Utility Services Manager</u>	<u>1, 2, 3, 4, 7</u>
<u>Water Conservation Manager</u>	<u>2, 3, 4, 6</u>
<u>Consultant⁸</u>	<u>1, 2, 3, 4, 5, 6</u>

⁸ Consultants are required to file disclosure statements where they: (a) conduct research and arrive at conclusions with respect to rendition of information, advice, recommendation or counsel independent of control and direction of the agency or any agency official other than normal contract monitoring; and (b) possess no authority with respect to any agency decision beyond the rendition of information, advice, recommendation or counsel. The determination as to whether a consultant shall be required to file a disclosure statement shall be made by the General Manager or his or her designee.

APPENDIX, CONTINUED

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of investments, business entities, sources of income, or real property which the designated employee must disclose for each disclosure category to which he or she is assigned.

Category 1: All investments and business positions in, and sources of income from, all business entities that do business or own real property in the District, plan to do business or own real property in the District within the next year or have done business or owned real property in the District within the past two years.

Category 2: All interests in real property which are located in whole or in part within, or not more than two (2) miles outside the boundaries of the District.

Category 3: All investments and business positions in, and sources of income from, business entities subject to the regulatory, permit or licensing authority of the Designated Employee's Department, will be subject to such authority within the next year or have been subject to such authority within the past two years.

Category 4: All investments in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property in the District, plan to engage in such activities in the District within the next year or have engaged in such activities in the District within the past two years.

Category 5: All investments and business positions in, and sources of income from, business entities that are banking, savings and loan or other financial institutions.

Category 6: All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery or equipment of a type purchased or leased by the District.

Category 7: All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery or equipment of a type used or administered by the Designated Employee's Department.

EXHIBIT A

Prohibited Transactions for Specified Personnel

Members of the Board of Directors ("Members") shall comply with this Prohibited Transactions policy pursuant to California Government Code §§ 1090, et seq.

Members shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Members shall not be purchasers at any sale or vendors at any purchase made by them in their official capacity. Members shall not be deemed to be interested in a contract entered into by a body or board of which they are members if the Member has only a remote interest in the contract and if the fact of that interest is disclosed to the body or board of which the Member is a member and noted in its official records, and thereafter the body or board authorizes, approves, or ratifies the contract in good faith by a vote of its membership sufficient for the purpose without counting the vote or votes of the Board of Directors member with the remote interest. "Remote interest" shall be defined as in California Government Code § 1091(b).

Members shall not be considered to be financially interested in a contract if their interest is including, but not limited to, any of the following (Government Code § 1091.5):

1. That of an officer in being reimbursed for his/her actual and necessary expenses incurred in the performance of an official duty;
2. That of a recipient of public services generally provided by the public body or board of which he/she is a member, on the same terms and conditions as if he or she were not a member of the board;
3. That of a landlord or tenant of the contracting party if such contracting party is the federal government or any federal department or agency, this state or an adjoining state, any department or agency of this state or an adjoining state, any county or city of this state or an adjoining state, or an public corporation or special, judicial or other public district of this state or an adjoining state unless the subject matter of such contract is the property in which such officer or employee has such interest as landlord or tenant in which even his/her interest shall be deemed a remote interest within the meaning of, and subject to, the provisions of Government Code 1091;
4. That of a spouse of an officer or employee of a public agency if his/her spouse's employment or office-holding has

existed for at least one year prior to his/her election or appointment;

5. That of a non-salaried member of a nonprofit corporation, provided that such interest is disclosed to the board at the time of the first consideration of the contract, and provided further that such interest is noted in its official records;
6. That of a non-compensated officer of a nonprofit, tax-exempt corporation, which, as one of its primary purposes, supports the functions of the board or to which the board has legal obligation to give particular consideration, and provided further that such interest is noted in its official records;
7. That of compensation for employment with a governmental agency, other than the governmental agency that employs the officer or employee, provided that the interest is disclosed to the board at the time of consideration of the contract, and provided further that the interest is noted in its official records;
8. That of an attorney of the contracting party of that of an owner, officer, employee or agent of a firm which renders, or has rendered, service to the contracting party in the capacity of stockbroker, insurance agent, insurance broker, real estate agent, or real estate broker if these individuals have not received and will not receive remuneration, consideration, or a commission as a result of the contract and if these individuals have an ownership interest of less than 10 percent in the law practice or firm, stock brokerage firm, insurance firm or real estate firm.

In addition, Members shall not be deemed to be interested in a contract made pursuant to competitive bidding under a procedure established by law if their sole interest is that of an officer, director, or employee of a bank or savings and loan association with which a party to the contract has the relationship of borrower or depositor, debtor or creditor (Government Code § 1091.5).

Authority:

California Government Code §§ 1090, et seq.

EXHIBIT B

Incompatible Activities Policy

District officers, members of the Board of Directors, and all other District employees (collectively, "district personnel") shall comply with this Incompatible Activities policy pursuant to California Government Code §§ 1126, *et seq.*

District personnel shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to his or her duties as a member of the Board of Directors, or with the duties, functions, or responsibilities of his or her appointing power or the agency by which he or she is employed.

The outside employment, activity, or enterprise of district personnel is prohibited if it: (1) involves the use for private gain or advantage of his or her local District time, facilities, equipment and supplies; or the badge, uniform, prestige, or influence of his or her local District office or employment or, (2) involves receipt or acceptance by district personnel of any money or other consideration from anyone other than the District for the performance of an act which district personnel, if not performing such act, would be required or expected to render in the regular course or hours of their local District employment or as a part of their duties as a local District officer or employee or, (3) involves the time demands as would render performance of his or her duties as a local district personnel member less efficient.

Nothing in this policy shall be interpreted to prohibit any outside employment, activity, counsel, or enterprise on behalf of another governmental entity, subject to common law and professional conflict of interest rules.

Copies of this regulation shall be posted in prominent places at the District Office. District personnel who violate this regulation may be subject to discipline as set forth in the applicable Code of Ordinances and Policies. Board of Directors members who violate this section may be subject to censure. Disciplinary appeals by district personnel shall be handled pursuant to applicable Code of Ordinances and Policies.

Authority:

California Government Code §§ 1125, *et seq.*

AGENDA ITEM 8



STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 1, 2010	
SUBMITTED BY:	David Charles <i>DC</i> Public Services Manager	PROJECT NO./	P1438-	DIV. NO. 3
		SUBPROJECT:	010000	
APPROVED BY: (Chief)	Rod Posada <i>R Posada</i> Chief, Engineering			
APPROVED BY: (Asst. GM):	Manny Magaña <i>M Magaña</i> Assistant General Manager, Engineering and Operations			
SUBJECT:	Denial of Request by Mr. and Mrs. Mario Luzano to Waive the Increase in Capacity Fees Quoted on QTE-10-089			

GENERAL MANAGER'S RECOMMENDATION:

Deny request by Mr. and Mrs. Mario Luzano to waive the increase in Capacity Fees of \$3,084 quoted on QTE-10-089.

COMMITTEE ACTION: _____

Please see Attachment A.

PURPOSE:

To obtain Board authorization to deny Mr. and Mrs. Mario Luzano's request for a waiver of the District's capacity fee increase of an additional \$3,084 on quote QTE-10-089 dated July 1, 2010, for the property located at 1123 Sangamon Avenue, Spring Valley, California 91977.

ANALYSIS:

Mr. and Mrs. Luzano, who own property at 1123 Sangamon Avenue, Spring Valley, California, 91977 (see Exhibit A), requested a quote for a 3/4-inch meter. Quote QTE-10-033 was generated April 5, 2010 (see Attachment B) in the amount of \$10,195.

Staff received a letter (see Attachment C), dated June 25, 2010, from Mrs. Ferlinda Luzano appealing QTE-10-033. Due to financial

difficulties they requested that the District discount the quoted fees.

On July 6, 2010, staff responded with a denial letter (see Attachment D) to Mrs. Luzano and also provided justification of District capacity fees. Additionally, as of July 1, 2010, the Board approved a new capacity fee increase and a new quote, QTE-10-089, dated July 1, 2010, totaling \$13,279 (see Attachment E) was attached to the letter.

Subsequently, as a result of the July 6, 2010 letter, Mr. Luzano asked the Board at the regular Board meeting held on August 4, 2010, to consider his request to accept quote QTE-10-033. Staff offered Mr. Luzano a deferral plan per Policy 7 (see Attachment F), however, Mr. Luzano indicated that he was not interested at the moment, but would like the Board to consider his request to pay the quoted fees on quote QTE-10-033.

On August 4, 2010, Mr. Luzano sent another letter (see Attachment G) disputing staff's justification for the increase of the District's capacity fees. They requested that the fee increase reflected in QTE-10-089 be waived and they be allowed to pay the previous quoted fees on QTE-10-033.

FISCAL IMPACT:



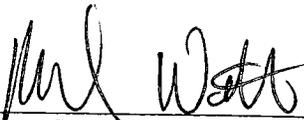
Waiving these fees will result in a loss of revenue of \$3,084. This waiver would shift the burden of building infrastructure from developer to rate payers.

STRATEGIC GOAL:

This project supports the District's Mission Statement, "To provide the best quality of water and wastewater service to the customers of the Otay Water District in a professional, effective, and efficient manner," and the District's strategic goal, "To satisfy current and future water needs for potable, recycled, and wastewater services."

LEGAL IMPACT:

None.



General Manager

P:\Public-s\STAFF REPORTS\2010\BD 09-01-10, Staff Report, Luzano denial, Ver.2.doc
DC/RP:jf

Attachments: Exhibit A
Attachment A
Attachment B
Attachment C
Attachment D
Attachment E
Attachment F
Attachment G

QA/QC Approved:

Name: *Gary Silverman*
GARY SILVERMAN

Date: 8/19/10



LUZANO RESIDENCE
 1123 SANGAMON AVE
 SPRING VALLEY CA
 APN: 580-171-52-00



ATTACHMENT A

SUBJECT/PROJECT: P1438-010000	Denial of Request by Mr. and Mrs. Mario Luzano to Waive the Increase in Capacity Fees Quoted on QTE-10-089
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COMMITTEE ACTION:

The Finance, Administration, and Communications Committee reviewed this item at a meeting held on August 23, 2010. The Committee supported Staff's recommendation.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for Board approval. This report will be sent to the Board as a Committee approved item, or modified to reflect any discussion or changes as directed from the Committee prior to presentation to the full Board.

ATTACHMENT C

June 25, 2010

OTAY WATER DISTRICT
RECEIVED

2010 JUN 29 PM 12: 01

To Whom It May Concern:

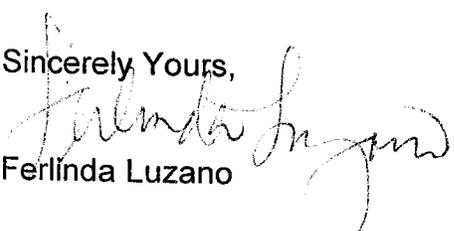
I have received a quote (QTE-10-033) for a potable water meter for over \$10,000 and I am writing this letter to appeal the stated quote.

We bought our land back in 2002 and I remember that the meter fee was about \$3000-\$4000 back then. We started building our dream house in 2007 and to my surprise the amount went up by \$6000-\$7000 this year. I don't understand why the amount went up since the property value of homes severely declined.

It has been 3 years and the house is only 50% completed, due to financial difficulties. It will be greatly appreciated if a discount can be applied to the meter fee. I can then utilize the discounted amount towards to completing some of the constructions.

Thank you for your time and consideration.

Sincerely Yours,


Ferlinda Luzano

ATTACHMENT D



...Dedicated to Community Service

2554 SWEETWATER SPRINGS BOULEVARD, SPRING VALLEY, CALIFORNIA 91978-2004
TELEPHONE: 670-2222, AREA CODE 619
www.otaywater.gov

July 6, 2010

Project No.: P1438-010000

Ferlinda Luzano
4038 Rene Drive
San Diego, CA 92154

Subject: Potable Water Meter Quote QTE-10-033
1123 Sangamon Avenue, Spring Valley;
APN 580-171-52-00

Dear Ms. Luzano:

Otay Water District (District) is in receipt of your letter dated June 25, 2010 regarding the potable water meter quote (QTE-10-033) dated April 5, 2010 for \$10,195. In the letter you request that the meter fees be lowered.

Over the past few years, water supply limitations have imposed increased pressure on the District to develop local and independent water supplies from the traditional Northern California and Colorado River imported water supplies. The District has developed water supply strategies and initiatives to address these limitations which translate into new capital improvement program projects to increase water supply reliability within the District's jurisdiction. These new water supply opportunities require significant capital costs to bring the projects to reality. The District typically revises the water meter capacity fees about every five years and thus, these water supply endeavors, along with increased costs for other capital improvements, are the primary drivers in developing capacity fee levels.

In addition, the San Diego County Water Authority (CWA) fees that are collected by the District are established by CWA and therefore the District has no authority to reduce or waive them. You may contact CWA with your request at 858-522-6600.

Also, we have enclosed a revised quote (QTE-10-089) dated July 2, 2010 in the amount of \$13,279, as the District has imposed new fees effective July 1, 2010.

We sympathize with your financial situation; however, the District is not able to grant your request for a discount on the meter fees. If you have any questions, please do not hesitate to contact me at 619-670-2243.

Sincerely,
OTAY WATER DISTRICT

David T. Charles
Public Services Manager

DTC:mlc

Enclosure: QTE-10-089

cc: Mark Watton
Manny Magaña
Rod Posada



...Dedicated to Community
 2554 SWEETWATER SPRINGS BLVD, SPRING VALLEY, CA 91978-2096
 TELEPHONE: (619) 670-2222

ATTACHMENT E

PUBLIC SERVICES QUOTE

District Ref #: QTE-10-089

CUSTOMER	PROPERTY INFO
OWNER: FERLINDA LUZANO CONTACT: MARIO LUZANO ADDRESS: 4038 RENE DR SAN DIEGO, CA 92154 PHONE: (619) 690-2946 FAX: CELL: 619-781-0439 <i>799-6779</i> DATE: 7/1/2010	PROJECT #: TRIAD: No MAP PAGE: 303 QTY: 1 METER SIZE: .75" ACCT TYPE/DESC: R/RESIDENTIAL - SINGLE FAMILY DEVELOPMENT: NORTH DISTRICT PROJECT: LUZANO RESIDENCE - 1123 SANGAMON AVE

SEWER FEE	WATER FEE	UNIT PRICE	EXTENDED
Sewer Annex Fee = 0.0 EDU @ \$0.00 per EDU: \$ 0.00 Russell Square Service Fee: \$ 0.00 Reimbursements: \$ 0.00 Sub-Total for Sewer: \$ 0.00	Installation: \$ 60.00 Meter Fee: \$ 59.00 Capacity Fee: \$ 7,641.00 Water Supply Fee: \$ 880.00 *SDCWA (System) Fee: \$ 4,326.00 *SDCWA (Water Treatment) Fee: \$ 166.00 AMR Fee: \$ 147.00 Meter Box: \$ 0.00 Annexation Fee: \$ 0.00 Water Reimbursement: \$ 0.00 Charges for 1 Meter: \$ 13,279.00 Credits: \$ 0.00 Sub-Total for Water Meter: \$ 13,279.00 Sub-Total for Sewer: \$ 0.00 Sub-Total for Deposit: \$ 0.00 GRAND TOTAL: \$ 13,279.00		

DEPOSITS
Sewer SIR Deposit: \$ 0.00 Water SIR Deposit: \$ 0.00 Inspection Deposit: \$ 0.00 Temporary Meter Deposit N/A: \$ 0.00 Sub-Total for Deposit: \$ 0.00

Maximum flow allowed through a .75" meter is 24.gpm

COMMENTS
 ACCT TYPE: R, WATER ID: 20, ZIP CODE: 91977, PZ: 850, AS-BUILT: 53-01 (SHT 48)
 CUST REQUESTS 1 - 3/4" POTABLE METER TO BE LOCATED AT 1123 SANGAMON AVE., SPRING VALLEY CA 91977.
 APN: 580-171-52-00.PLEASE SEE ATTACHED MAP.
 CUST MUST PRESENT BUILDING PERMIT AT TIME OF METER PURCHASE
 THIS QUOTE UPDATES QTE-10-033 DATED 4/5/2010 TO REFLECT CURRENT RATES

REMARKS
 THE FEES & CHARGES ARE SUBJECT TO CHANGE. CUSTOMER WILL BE REQUIRED TO CONTACT OTAY WATER DISTRICT FOR CURRENT FEES AND CHARGES. CALL (619) 670-2241.

*SDCWA FEES MAY BE SUBJECT TO CHANGE.
 CALL (858) 522-6600 FOR INFORMATION ON RATE CHANGE.

*Building permit is required for potable meter purchase.
 Quote assumes a lateral exists for the property.*

For lateral installation deposits, the customer shall deposit the estimated costs with the District prior to commencement of work. If actual costs incurred are less than the amount deposited, the District shall refund the balance of the deposit to the customer. If actual costs incurred exceed the amount deposited, the customer shall reimburse the District for the additional costs.

QUOTE PROVIDED BY: *Tanya Romero*
 TANYA ROMERO

Voice: (619) 670-2241
 Fax: (619) 670-6184
 Appd By: *[Signature]*

ATTACHMENT F

OTAY WATER DISTRICT BOARD OF DIRECTORS POLICY			
Subject	Policy Number	Date Adopted	Date Revised
CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT	07	10/15/84	5/7/2008

PURPOSE

To establish a policy regarding conditions for making installment or deferred payments to the District.

BACKGROUND

Occasionally the District receives requests to allow payment of certain connection charges on an installment or deferred basis. Approval of these agreements will occur in very limited circumstances where it is in the District's best interest that the agreement be made. In addition, if the District is to consider such requests, the District must not be in a position of risk of loss in the event of non-payment.

POLICY

The following procedures, terms and conditions shall apply to requests and arrangements for payment to the District on an installment or deferred basis:

1. Requests for installment or deferred payments shall be reviewed by the District. Each request shall indicate the terms desired with a maximum term of 12 months. The person or party making the request shall furnish all financial information or data deemed necessary by the District to review the request.
2. The General Manager shall have authority to negotiate and execute deferral agreements with residential customers where the value of the agreement does not exceed the General Manager's signatory authority as established in Chapter 2, Section 2.01-D of the Code of Ordinance. Deferral agreements requested by non-residential customers shall be presented to the Board prior to execution.
3. Where the value of the proposed agreement exceeds the General Manager's authority, the District shall make a recommendation to the Board of Directors for approval or disapproval, with reasons for the recommendation.
4. In emergency situations, the General Manager is authorized to enter into a deferral agreement exceeding his/her authority to allow a customer to connect to the District system. The General Manager shall submit all such deferral agreements to the Board for ratification at the next regularly scheduled Board meeting.

**OTAY WATER DISTRICT
BOARD OF DIRECTORS POLICY**

Subject	Policy Number	Date Adopted	Date Revised
CONDITIONS FOR INSTALLMENT OR DEFERRED PAYMENTS TO THE DISTRICT	07	10/15/84	5/7/2008

5. A minimum down payment of ten percent (10%) of the total amount to be paid in installments or on a deferred basis is required and is nonrefundable.
6. Any increases in rates, fees, or charges shall apply to all connections which have not been made at the time the increase is adopted, including but not limited to capacity fees and annexation fees.
7. The only fees that will be considered for deferral are Otay Capacity Fees and Annexations fees. All labor and materials costs will not be considered for deferral as this would place the District in a position of risk in the event of default. In addition, the District will not make arrangements for deferral of fees collected by the District on behalf of other governmental entities. These fees must be paid prior to the execution of the agreement or payment arrangements must be obtained from the CWA or MWD by the applicant.
8. For each installment or deferred payment arrangement a promissory note, payable to the District, shall be executed to provide for terms of payment of the balance of principal due, with interest payable monthly at a rate equal to five percent (5%) per annum over the Federal Reserve Discount Rate.
9. In addition to execution of a promissory note for the balance of the payment, the District will consider requiring security to guarantee payment of the promissory note, such as but not limited to, a letter of credit, performance bond, lien contract, certificate of deposit, or other security satisfactory to the District.
10. An administrative fee for the establishment of a deferral agreement of \$500.00 will be charged for all such agreements.

ATTACHMENT G

Mr and Mrs Mario Luzano

08-04-2010

4038 Rene Drive San Diego, Ca 92154
(619) 399-67779

To whom it may concern,

We are writing with regard to an amount quoted by Otay Water District office for a potable water meter (QTE-10-089), and more specifically, the issue of that amount being significantly increased, without warning, from the figure which was previously quoted.

We purchased our would-be dream home in 2002, when the fee for the water meter was in the range of \$2-3K. Even as recently as March and April of this year and figuring in the expected increases, the quoted amount around \$10,000. This preceding consistency only amplified our shock and disbelief upon receiving the most recent quote (July 2010); which presented us with a figure almost quadruple that of the preliminary fee.

'Capacity fees are to be paid by new customers who will be imposing a demand on the District water system. The capacity fees requires new users to pay for their share of the cost to construct the facilities required for provision of the water service...'
(Mr. Charles Davis- Water District Public Service Manager, in an email response to our initial query)

While we fully understand capacity fees, and appreciate the District's need to fund the 'expansion portion of new water supply projects,' the basis for my argument here is two-fold:

- 1) Our home which is still currently under construction, is located in an already fully developed neighbourhood where a water line has been in place and operational since the 80s.

'...In the case of the July 1, 2010 increase the District modified the capacity fees to show a new combined methodology of charging capacity fees reflecting the value of the District current and future assets and created a New Supply fee to fund the expansion portion of new water supply projects.' (Davis, C.)

- 1) We received no prior notice whatsoever of these drastic price increases, and I think that I should have been informed as a courtesy and therefore I consider it unfair, unprofessional and unlawful to expect us to pay the amount without contesting it.

As previously stated, the house is as yet unfinished due to financial hurdles and remains unoccupied, meaning that currently, we are imposing no additional demand on the water system and supply. This is an important factor contributing to our current discontent, but one which takes a firm second place to what I deem to be a shocking and unlawful failure to notify us in advance about these 'modified' fees.

In light of this, we would ask that you might waive these most recent fees and allow us to retain the charge for the previous, steadfast amount as was quoted in April.

I thank you for your time, and look forward to hearing from you soon regarding a resolution to this enquiry.

Sincerely,


Mario Luzano



AGENDA ITEM 9

STAFF REPORT

TYPE MEETING:	Regular Board	MEETING DATE:	September 1, 2010
SUBMITTED BY:	Alice Mendez-Schomer, <i>AM</i> Customer Service Supervisor	W.O./G.F. NO:	DIV. NO. All
APPROVED BY: (Chief)	Joseph R. Beachem, Chief Financial Officer		
APPROVED BY: (Asst. GM):	German Alvarez <i>GA</i> , Assistant General Manager, Administration and Finance		
SUBJECT:	Accounts Receivable Aging Report		

GENERAL MANAGER'S RECOMMENDATION:

This is an informational item only.

COMMITTEE ACTION:

Please see Attachment A.

PURPOSE:

To inform the Board of the current status of collections activity and write-off amounts.

ANALYSIS:

In an effort to keep the Board informed of receivables aging and our collections effort, staff has compiled the following data:

Accounts Receivable Over 30 and 60 Days Late

Fiscal years 2008 and 2009 held steady with little variation on the total dollars for accounts over 30 days late. In FY 2010, the number increased by approximately 7%. While it is difficult to determine the correlation, these changes are certainly a result of the ongoing poor economy and the rate increases of 19.9% for water and 7.2% for sewer.

A/R Over 30 Days Late			
	FY 2008	FY 2009	FY 2010
Monthly Average	\$577,000	\$566,000	\$610,000

For the past two years, we have seen a reduction in payments over 60 days late as shown in the table below. This trend can be directly attributed to changes in processes that staff implemented. These changes are highlighted in the "Process Improvements" section below.

A/R Over 60 Days Late			
	FY 2008	FY 2009	FY 2010
Monthly Average	\$400,000	\$303,000	\$243,000

Total Write-offs as a Percentage of Total Sales

The trouble in the mortgage market has impacted the District with an overall increase in write-offs. New housing in our service territory was hit with significant foreclosures in the early part of the recession. In 2007, foreclosures in San Diego County were up 353% as reported by the San Diego Union-Tribune. The county zip code with the most foreclosures was 91913, an area serviced by Otay.

In FY 2008, we saw an increase in overall late payments that corresponded to the increased write-offs as a percentage of sales in FY 2009.

Write-offs as a Percentage of Sales		
FY 2008	FY 2009	FY 2010
.31%	.44%	.23%

Fiscal Year 2010 saw a decrease in our figures from previous years as indicted in the table above. Staff took quick actions to mitigate the effect of foreclosures, late payments, the poor economy, and unemployment, by modifying processes to help reduce the District's bad debt.

Because of our increased collections effort early in the lock and lien processes, and the decrease in foreclosure activity, there has been a decrease of approximately 50% in the number of accounts placed on the county tax rolls for non-payment of service.

Process Improvements

Staff has made a number of modifications to processes to address both the poor economy and increased foreclosures. These include:

- Added a layer of customer contact, via a postcard, to past due accounts subject to disconnect and incorporated the use of auto-dialer messaging.
- Modified staff's working hours to effectively increase the number of locks per day to match those customers eligible. Previously, the number of locks per day was limited to 40, but by modifying hours, this maximum number has been doubled.
- Staff has been able to lessen the amount of time a customer has, prior to being locked, to coincide with the Code of Ordinances. As a result, it reduced the number of outstanding bills from three to two.
- Enhanced reporting to transfer an unpaid balance from a closed customer's account to their new customer account in a more timely manner.
- Increased customer's payment options via web, IVR, Check-Free pay stations, and Wal-Mart stores.
- Purchased "Real Quest" software which identifies properties in the foreclosure process. This early information assists staff in taking swifter actions when appropriate.
- Locked meters to vacant or foreclosed properties where no new owner of record is listed.
- Automated the collection process which sends past due closed accounts to agencies for increased collection efforts. Previously, this was a manual process reducing the effectiveness of our returns.
- Where applicable, responsibility for payment has been placed on the owner of the property versus the tenant.
- Collected deposits prior to establishing service from all non-owners as allowed by the Code of Ordinances. Historically, deposits were not taken by realty agencies or property managers representing banks who were selling homes.

- Billed deposits immediately for tenant and all non-owner accounts and included this billing in the welcome letter. This allows for upfront collection of deposits and reduces the overall dollar amount of bad debts.

Staff polled neighboring agencies and has concluded that they too are impacted by the poor economy. Specifically, their aging receivables and rate of payment extensions have seen a dramatic increase. For our neighboring agencies, the meltdown in the housing market had a lesser impact because their service areas are built out. Prior to the housing bubble their write-off amounts, as a percentage of sales, held steady from FY 2008 to FY 2009 going from an average of 0.25% to 0.26%, respectively. Otag staff has made significant improvements to bring our totals in line with our neighboring agencies.

A prolonged economic recovery and increased unemployment will continue to affect the District's collection efforts. The downturn in the housing market is no longer such a large factor, but tighter credit standards could affect this in the future as homes are vacant for longer periods of time prior to resale. Staff will continue to monitor these trends and improve processes where needed.

FISCAL IMPACT:



The projected bad debt expense for FY 2011 is \$171,000.

STRATEGIC GOAL:

None.

LEGAL IMPACT:

None.



General Manager

Attachments:

- A) Committee Action Form



ATTACHMENT A

SUBJECT/PROJECT:	Accounts Receivable Aging Report
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COMMITTEE ACTION:

This is an informational item only.

NOTE:

The "Committee Action" is written in anticipation of the Committee moving the item forward for board approval. This report will be sent to the Board as a committee approved item, or modified to reflect any discussion or changes as directed from the committee prior to presentation to the full board.