

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING
May 17, 2007
5:30 P.M.

ITEM NO. 1: CALL TO ORDER, FLAG SALUTE AND ROLL CALL:

The Special Board meeting of the Lassen Municipal Utility District was called to order at 5:30 PM by President Langston.

Board Members Present: Wayne Langston (President), Fred Nagel (Vice-President), Nancy Cardenas (Treasurer), and George Sargent (Director).

Absent: Director Wood.

Also Present: General Manager Frank Cady, Assistant General Manager Ray Luhring, General Counsel Jaimee Jones, Controller Bill Stewart, Facilities Manager Paul Glau, Business Office Manager Keri Richards, Communications/Public Benefits Specialist Theresa Boucher, IT/GIS Coordinator Mike Malone, Executive Assistant Karen Rollings, Assistant Administrative Chris Yarbrough, and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

A motion was made and seconded to approve the agenda as presented. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

[President Langston opens the floor for public comment after pointing out the Rules for Public Comment.]

- Shirley Christensen asked why the District's Energy Crisis Program had been discontinued and if there were plans to reinstate the program.

ITEM NO. 4: INFORMATION ITEMS:

- A. Board and Staff Response (if any) to Public Comment.**

- Business Office Manager Keri Richards responded to Ms. Christensen's questions, stating that the Board had previously approved \$270,000 for the Energy Crisis Program and those funds have been depleted. There will be some changes to the program and, at the present time, the plan is to reinstate the program in the fiscal year beginning July, 2007.

B. 1. Board/Staff Items.

- Public Benefits Specialist Boucher pointed out the pictures she posted in the boardroom of the Children's Fair held the first week in May. She said LMUD's activities at the Fair will be featured in the June *Ruralite*. She thanked the LMUD employees who helped, with a special thank you to AGM Luhring and Facilities Manager Glau who gave the bucket rides. Approximately 500 bucket rides were enjoyed by the children. Connie Devlyne, LMUD's Fair Organizer, continues to do a great job each year. This was the ninth year that LMUD participated in the Children's Fair.

2. Board Members' Meetings Attended Report:

- None.

3. AGM Luhring reported on:

- UAMPS Meeting. UAMPS is offering NERC compliance training in June, 2007, and it is recommended that LMUD take advantage of this training. During the training, NERC requirements that a Load and Distribution Serving Entity must comply with will be reviewed.
- IPP3 Project: The construction on the IPP3 Project is proceeding with no major problems.
- Westwood Substation. AGM Luhring stated that he will go into more detail on the WW Sub when Agenda Item 5D is discussed regarding the purchase of a transformer.
- Outage Report. AGM Luhring gave an overview of the outages listed in the May Outage Report included in the board packet.

Board discussion ensued. AGM Luhring responded to the Board of Directors' questions.

C. General Manager Cady reported on:

- LMUD Energy Advisor, Don Battles, attended a meeting on SB 1059 which deals with the establishment of energy corridors.
- UAMPS is having their annual conference in Tahoe at the Village at Squaw Valley, August 13-15, 2007. GM Cady encouraged the board members, as well as, management staff to attend.
- An IPP (Independent Power Producer) is interested in establishing wind farms in Northeastern California and Northwestern Nevada. Key staff members and Director Wood visited a wind farm in Colorado which is online and producing. GM Cady presented a slide show depicting the wind turbines and explained how they operated.
- WECC Regional Planning – Pacific Northwest/Canada to Northern California Project. GM Cady stated that he is a member of the WECC Technical Analysis Committee. He made reference to the Technical Analysis Committee's presentation in the board packet and commented on the transmission lines coming out of Round Mountain and Table Mountain commonly known as the Zeta Project.
- Invitation for Public Benefits Specialist Boucher to serve on the NWPPA "NIC" Planning Committee. GM Cady stated this is quite an honor for Ms. Boucher and the District. Ms. Boucher stated that NWPPA had been looking for someone from a California Municipal Utility to serve on the committee. She also stated that she has been attending committee meetings since she came to work for LMUD and feels she is familiar with their goals and objectives. She has accepted the offer to serve on the committee. The Board congratulated Ms. Boucher on her appointment.

D. Accountant Stewart reported on:

- Financial Report for month ending 3/31/07 and the Check Register from 4/19/07 – 5/14/07.

Board discussion ensued. Accountant Stewart responded to the Board of Directors' questions.

E. Incident Activity Report.

- None.

ITEM NO. 5: ACTION ITEMS

A. CONSENT AGENDA:

1. NEW BUSINESS: (if needed) Consideration of (1) Ratification of Agreements from which Demands arose; (2) Receipt of Certification from Controller regarding Propriety of Payment of Demands; and (3) Approval of Payment of Demands. (*Accountant*)

- Nothing to report on Consent Agenda.

B. Consideration and approval of SB-1 Program for LMUD.

- Public Benefits Specialist Boucher referenced the proposal included in the board packet which incorporates the Ad Hoc Committee's (Directors Langston and Sargent) recommendations for a Solar Rebate Program for the District, and to work with Efficiency Services Group to implement such a program. The program should be in place by the middle of July, 2007 with rebates beginning January 1, 2008.

Board discussion ensued. PB Specialist Boucher responded to the Board of Directors' questions. There being no further discussion, a motion was made and second to accept the Ad Hoc Committee's recommendations for a Solar Rebate Program and to work with Efficiency Services Group to implement the program. Floor opened for public comment. No comment. Motion passed unanimously. Ms. Boucher will bring the final program before the Board when it is completed in July.

C. Consideration and approval of new and/or updated job descriptions for both bargaining and non-bargaining positions; and market compensation adjustments for non-bargaining personnel.

- GM Cady stated that only the Electric Operations Manager and Accounting Technician job descriptions are

before the Board for consideration at this meeting. The remainder of the job descriptions will be brought back at the next board meeting.

- GM Cady explained that the Electric Operations Manager will be working with AGM Luhring who needs someone to oversee the Electric Operations Department while he is out of the office attending numerous conferences, meetings, etc. As the District's representative, it is necessary for AGM Luhring to attend these meetings so that the District stays apprised of new developments in the power industry. He is also a member of several committees which requires him to travel extensively. AGM Luhring assured the Board that during the times he is away from the office, he will make sure he stays informed of the daily activities of the Electric Operations Department.
- The Accounting Technician position is replacing the ½ time Accounting Specialist position which was approved by the Board, and will become a full time position working directly for Accountant Stewart. The Accounting Department has become extremely busy and a full time person is needed. This will free-up the GM's Executive Assistant, who presently is working ½ time for the Accountant, to concentrate on executive duties, as well as, possibly performing internal auditing work. There is a possibility that the Accounting Technician will also perform A/P and Payroll duties, but this is yet to be determined.
- Director Cardenas felt it was very stressful for a Customer Service Clerk to do A/P in light of the fact that A/P has become a very time intensive process with all the checks and balances.
- President Langston stated the most important point is to increase performance and efficiency, and said looking at improving the flow of the A/P and Payroll processes is a step in the right direction.
- GM Cady reviewed the Conceptual Blueprint (Org Chart) and the LMUD Staffing Blueprint (existing and recommendations) that were handed out to the Board and the public at the meeting. He explained he had developed this staffing blueprint and it is what he would like to see in the future, but right now, it is a work in progress. He stated he is also working on a matrix for salary adjustments for management personnel and, when completed, will go before the Board for approval.

There being no further Board discussion, a motion was made and seconded to approve the job descriptions for the Electric Operations Manager and the Accounting Technician. Floor opened for public comment. No comment. Motion passed unanimously.

D. Consideration and Approval of transformer purchase for the Westwood Substation.

- AGM Luhring referred to the informational materials included in the board packet and said it is his recommendation that LMUD purchase the transformer from T&R Electric in South Dakota. This transformer has a 100%, 36-month warranty and will be tested and certified non-PCB. The quoted price is \$49,500, F.O.B., California, with 3-4 weeks for delivery. He said that after the transformer arrives, installation will take approximately one day. He is working with the District's insurance company and hopes a big portion of the costs will be recouped.

Board discussion ensued. AGM Luhring responded to the Board of Directors' questions. There being no further discussion, a motion was made and seconded to approve the purchase of the transformer from T&R Electric for the Westwood Substation. Floor opened for public comment. No comment. Motion passed unanimously.

E. Discussion regarding canceling and rescheduling the Regular Board Meeting scheduled for June 26, 2007.

- GM Cady stated that key staff members will be out of town on June 26th attending the APPA Annual Conference. There are many informative topics on the agenda and this will be an excellent opportunity to hear and learn what is new in the electric industry. He suggested canceling the June 26th board meeting and scheduling a special meeting if necessary. It was the consensus of the Board to cancel the June 26th meeting and schedule a special board meeting on June 21st. No further Board action was taken.

Other Business: Accountant Stewart is working with department heads to finalize the FY 2007/08 Budget. Meetings with the Budget Ad Hoc Committee will be scheduled the week of June 11th. Directors Cardenas and Nagel will be on the Ad Hoc Committee. President Langston requested that the draft budget be ready for the Board's

review by June 18th, so the final budget can go before the Board for consideration and approval at the special board meeting on June 21st. Accountant Stewart felt confident that these timelines would be met.

ITEM NO. 6: CLOSED SESSION

The Board adjourned to Closed Session at 7:08 PM.

A. Conference with Legal Counsel:

(1) Significant exposure to litigation pursuant to Government Code §54956.9(b) – (3 cases).

B. Real Property:

Railroad right-of-way from Wendel to Susanville.

Agency Negotiators: General Manager, Assistant General Manager and/or Jaimee Jones.

Negotiating Parties: County of Lassen

Under Negotiation: Price and Terms

The Board returned to Open Session at 7:42 PM.

ITEM NO. 7: REPORT OF ACTION TAKEN (IF ANY) IN CLOSED SESSION:

The following was orally reported on Closed Session Items 6A & 6B:

- No reportable action was taken.

ITEM NO. 8: ADJOURN:

There being no further business, the meeting was adjourned at 7:43 PM.