

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING
March 10, 2005
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 Cardenas. Mrs. Cardenas led the flag salute.

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

Also Present: General Manager Les Leiber, Controller Bill Stewart, Customer Relations Manager Keri Richards, Communications/Public Benefits Specialist Theresa Boucher, Operations Manager Steve Trevino, District Counsel Frank Cady, Associate Jaimee Richey, and Board Secretary, Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

General Manager Leiber requested that Item 4F – *Report by Tom Lee on 2006 Power Purchases*, be heard before Item 4C – *General Manager’s Report*. A motion was made and seconded to approve the agenda with the requested change. There being no further Board or public discussion, the motion passed unanimously.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

[Mrs. Cardenas opens the floor for public comment after pointing out the Rules for Public Comment.]

Eileen Spencer commented on:

- Enron;
- E-mails from Board Directors;
- General Manager’s Separation Agreement; and
- General Manager Status Report.

ITEM NO. 4: INFORMATION ITEMS:

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

- None.

B. BOARD/STAFF ITEMS:

1. Update on General Manager Search:

- General Manager Leiber informed Carl Mycoff of the resignation of LMUD's Engineer. Mr. Mycoff stated his firm had some very good prospects for the GM position; and the fact that the new GM will have the opportunity to hire an Engineer, adds a positive spin off to the hiring process.

2. Un-agendized Board Members Reports:

- President Cardenas reported on the Science Bowl held on March 5th at Simpson College in Redding. Teams from Lassen High School placed in the top eight, but did not make it to the final round. The teams did receive a Best Sportsmanship Award. Mrs. Cardenas felt this was a worthwhile event for LMUD to support and a great opportunity for the students who participated.
- General Manager Leiber and Director Langston reported on the CMUA Annual Conference.

F. RFP for 2006 Energy Purchases. (Out of sequence at General Manager's request).

- Tom Lee and Don Dames reported on the following via conference call and a PowerPoint presentation:
 1. Capacity Balance;
 2. Resource Adequacy;
 3. Needs Analysis;
 4. Summation of 2006 Power Purchases; and
 5. Risk Analysis.

Board discussion ensued. Mr. Lee and Mr. Dames responded to the Board of Directors' questions. The Board directed Mr. Lee to prepare a draft RFP with placeholders for amounts and products. It was the consensus of the Board to set up an Ad Hoc

Power Committee and appoint Directors Langston and Wood as the committee members.

C. General Manager's Report:

1. General Manager Leiber reported on:

- NCPA Membership. LMUD is in the Legislative and Regulatory Group, but not an Associate Member. As such, NCPA acts in a consultant capacity for LMUD with a fee.

Board discussion ensued. General Manager Leiber and District Counsel Cady responded to the Board of Directors' questions.

2. Resignation of Director of Engineering & Operations:

- Director of Engineering & Operations, Chuck Lusky resigned as of March 15, 2005. General Manager Leiber and Operations Manager Trevino will share the engineering responsibilities.

D. Financial Reports:

1. **Controller Stewart reported on:**

- List of Bills Paid (*combined with Item 5F*).
- Financial Report.

Board discussion ensued on the Financial Report. Controller Stewart responded to the Board of Directors' questions.

E. Enron Bankruptcy: Reported by District Counsel Cady:

Enron filed an objection to LMUD's claim stating there were no assets to distribute. LMUD has withdrawn their claim.

ITEM NO. 5

ACTION ITEMS

A. CONSENT AGENDA:

1. Approval of the minutes for the February 23 and 25, 2005 Special Board Meetings. A motion was made and seconded to approve the minutes. There being no further board or public discussion, the motion passed unanimously. (*Directors Langston and Wood abstained*)

from voting on the 2/23/05 minutes as they were not present at this meeting).

B. Consideration of Resolution No. 2005-04: A resolution of the Lassen Municipal Utility District updating Policy No. 5010.10 establishing regular meeting dates, times, places and rescinding any past actions regarding the same.

- Reported by General Manager Leiber.

Board discussion ensued. General Manager Leiber responded to the Board of Directors' questions. A motion was made and seconded to approve Resolution 2005-04 and set the regular meeting date of the Board of Directors for the second Wednesday of each month. Special meetings will be scheduled as needed. Floor opened for public comment. No comment. Motion passed unanimously. *(The next regularly scheduled board meeting will be April 13, 2005).*

C. Consideration of Resolution No. 2005-05: A resolution of the Lassen Municipal Utility District updating the Public Benefits Policy.

- Reported by Public Benefits Specialist Theresa Boucher.

Board discussion ensued. Public Benefits Specialist Boucher responded to the Board of Directors' questions. There being no further board discussion, a motion was made and seconded to approve Resolution 2005-05, thereby updating the Public Benefits Policy. Floor opened for public comment.

- Comments made by Eileen Spencer.

There being no further discussion, the motion passed unanimously.

D. Consideration of approval of Staff Augmentation and Equipment Lease Agreement with PAR Electrical Contractors.

- Reported by General Manager Leiber.

Board discussion ensued. General Manager Leiber and District Counsel Cady responded to the Board of Directors' questions. A

motion was made and seconded to approve the Staff Augmentation Agreement with PAR Electrical Contractors. Floor opened for public comment. No comment. Motion passed unanimously.

E. Consideration of Contract with Martin Security to move Video Equipment.

- Reported by General Manager Leiber.

There being no Board discussion, a motion was made and seconded to approve the Contract with Martin Security. Floor opened for public comment.

- Comments made by Eileen Spencer.
- District Counsel Cady responded to the public's comments.

There being no further comments, the motion passed unanimously.

F. Consideration of (1) Ratification of Agreements from which demands arose; (2) Receipt of Certification from Controller and General Manager regarding Propriety of Payment of Demands; and (3) Approval of Payment of Demands.

- Reported by Controller Stewart.

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

There being no further Board discussion, a motion was made and seconded to (1) Ratify Agreements from which Demands arose. Floor opened for public comment. No comment. Motion passed unanimously. A motion was made and seconded to (2) Receive Certification from Controller and General Manager regarding Propriety of Payment of Demands. Floor opened for public comment. No comment. Motion passed unanimously. A motion was made and seconded to (3) Approve Payment of Demands. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 6: CLOSED SESSION:

A. Conference with Legal Counsel:

- (1) Significant exposure to litigation pursuant to §54956.9(b) – (2 cases).
- (2) Existing litigation Government Code §54956.9(a):
IBEW 1245 vs. Lassen Municipal Utility District,
Unfair Practices Charge No. SA-CE-290-M.

The Board reconvened into open session at 8:42 PM.

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

The following was orally reported for Closed Session Items 6A(1) & 6A(2):

- No reportable action was taken on Item 6A(1).
- No reportable action was taken on Item 6A(2).

ITEM NO. 8: ADJOURN:

There being no further business, the meeting was adjourned at 8:45 PM.