

**MINUTES**  
**LASSEN MUNICIPAL UTILITY DISTRICT**  
**REGULAR BOARD MEETING**  
**August 10, 2005**  
**5:30 P.M.**

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

The Regular 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 Frank Cady,  
                          Controller Bill Stewart, Operations Manager  
                          Steve Trevino, Customer Relations Manager,  
                          Keri Richards, Communications/Public  
                          Benefits Specialist, Theresa Boucher,  
                          Interim Attorney Jaimee Richey, and Board  
                          Secretary, Jerri Kresge.

**ITEM NO. 2:        APPROVAL OF AGENDA:**

Interim Attorney Richey requested that Closed Session Item 6A and correlating Item 7A be deleted. A motion was made and seconded to approve the agenda with these deletions. Floor opened for public comment.

Eileen Spencer commented on:

- An error in Consent Agenda Item 5A3, namely FY 04/05 should read FY 05/06.

The first motion was amended accordingly and concurred by the second motion. Controller Stewart pointed out that the item was agendized correctly as the reference was indeed to the FY 04/05 audit year. The first amended motion was so amended and concurred by the second amended motion.

There being no further 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:

- Board Statement of Meetings.

**ITEM NO. 4: INFORMATION ITEMS:**

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

- None

**B. BOARD/STAFF ITEMS:**

- Director Wood asked about a quote previously received from a private Worker's Compensation insurer for the District's Workman Compensation insurance needs. He felt the District should pursue all possibilities for lowering its costs related to Workman's Compensation coverage. General Manager Cady asked Interim Legal Counsel Richey to research the issue of the District contracting with a private party or if the District must continue with the State Compensation Insurance Fund.
- President Cardenas stated she liked the new format in the Board binders; and the summary sheet prepared by the General Manager which accompanied each Action Item.

**C. GENERAL MANAGER'S REPORT:**

1. General Manager Cady reported on:

- Outages - Tracking & Reporting.
- Cash Trends and Budget
  - The need to increase budget reserves.
  - Maintenance of facilities.
  - 2000 COP's - funding of Capital Improvement Projects.
  - Natural gas market trends & effects on energy prices.

Board discussion ensued. General Manager Cady and Operations Manager Trevino responded to the Board of Directors' questions.

**D. FINANCIAL REPORTS:**

**1. Controller Stewart reported on:**

- Financial Report.

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

**E. TREASURER'S REPORT:**

- Treasurer Nagel stated he plans to discontinue his presentations on budget trends and cash analyses in lieu of the GM's and Accountant's reports; but asked that a placeholder for the Treasurer's Report remain on the agenda.

**ITEM NO. 5**

**ACTION ITEMS**

**A. CONSENT AGENDA: (*President Cardenas pulled Item 4A for detailed discussion*)**

1. Approval of the Minutes for the July 5, 2005 Special Board Meeting and the July 13, 2005 Regular Board Meeting.
2. Consideration of Approval of Agreement with Recall Secure Destruction Services, Inc; and authorization for President to sign.
3. Reconsideration of Motion from February 23, 2005 to prepare and send out an RFP for Auditor for FY 04/05.

A motion was made and seconded to approve Consent Agenda Items 5A1, 2 & 3. Floor opened for public comment.

Eileen Spencer commented on:

- Contract for shredding services; and
- RFP for Auditor for FY 04/05.

General Manager Cady responded to the public's comments.

There being no further comments, the motion passed unanimously.

**4. Consideration of Resolution 2005-11 rescinding Resolution 2003-02 and updating District Policy 3035.14, authorizing the District Accountant/Controller to manage daily investments of surplus monies in LAIF.**

President Cardenas stated that, as the Resolution is written, it appears the Treasurer is not included in the process for managing surplus monies in LAIF. Interim Attorney Richey pointed out that the Resolution does include the Treasurer. President Cardenas concurred and stated no changes to the Resolution were required. A motion was made and seconded to approve Resolution 2005-11. Floor opened for public comment.

Eileen Spencer commented on:

- Resolution 2005-11.

President Cardenas responded to the public's comments.

There being no further comments, the motion passed unanimously.

**B. Consideration of General Counsel RFQ.**

- Reported by General Manager Cady.

Board discussion ensued. President Cardenas asked that the acronym "GMAP" be defined in the document. General Manager Cady said he would do this and that GMAP stood for General Manager Administrative Procedure. There being no further Board discussion, a motion was made and seconded to approve the General Counsel RFQ. Floor opened for public comment.

Comments made by Eileen Spencer.

There being no further discussion, the motion passed unanimously.

**C. Consideration of Resolution 2005-12 for the creation of the Office of District Treasurer outside of the Board.**

- Reported General Manager Cady. General Manager Cady stated that according to law, a conflict now exists between the Accountant and Board Treasurer and there is a need to distinguish the duties between the two positions. Treasurer Nagel felt this was a work in progress, but was a step in the right direction. President Cardenas concurred, but cautioned that the Board should always be kept in the loop, especially when it came to the payment of demands and paying of bills. General Manager Cady will add a clause in the position description addressing President Cardenas' concerns. President Cardenas asked what the next step would be as far as salary, terms, etc. General Manager Cady stated he will have more detailed information at a later Board meeting. A motion was made and seconded to approve Resolution 2005-12, with modifications to the Treasurer's Position Description as requested by the Board. Floor opened for public comment.

Comments made by Eileen Spencer.

There being no further discussion, the motion passed unanimously.

**D. Consideration of Resolution 2005-13 updating Policy 3080 regarding the purchase of supplies & materials pursuant to PUC §12751.**

- Reported by General Manager Cady.

Board discussion ensued. General Manager Cady responded to the Board of Directors' questions. There being no further Board discussion, a motion was made and seconded to approve Resolution 2005-13 updating Policy 3080 regarding the purchase of supplies & materials. Floor opened for public comment. No comment. Motion passed unanimously.

**E. 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.**

- 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 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:**

B. Conference with Legal Counsel:

- (1) Significant exposure to litigation pursuant to §54956.9(b) – (1 case).

- Deleted per Interim Attorney Richey.

**ITEM NO. 7: ADJOURN:**

There being no further business, the meeting was adjourned at 6:43 PM.