

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
REGULAR BOARD MEETING
April 28, 2009
5:30 P.M.

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 Nagel.

Roll Call by Board Secretary Jerri Kresge:

Director Bowden – absent
Director Dow – present
Director Nagel – present
Director Langston – present
Director Vial - present

Also Present: General Manager Ray Luhring, Electric Operations Manager Dave Folce, Legal Counsel Hal Gartner, Accounting & Finance Manager Bill Stewart, Facilities Manager Paul Glau, Business Office Manager Keri Richards, IT/GIS Coordinator Mike Malone, Energy Services & Compliance Specialist Theresa Phillips, Engineering Technician Liz Griffin, Accounting Technician Cady Schroeder, Executive Assistant Karen Rollings, Administrative Assistant Chris Yarbrough and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

Director Dow made a motion to approve the agenda as presented. Director Langston seconded the motion. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

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

➤ None.

ITEM NO.4: STAFF MEMBERS' REPORTS:

- No Report.

ITEM NO. 5: BOARD MEMBERS' REPORTS:

- No Report.

a. Board Members' Meetings Attended:

- Director Langston said he was concerned about a ratepayer's comments at the 3/31/09 Special Board Meeting regarding the Power Delivery Cost Analysis (PDCA), the mechanism used to determine if rates should be increased or decreased. Director Langston briefly explained the history of the PDCA and said it was obvious from this ratepayer's comments that the public still does not understand how the PDCA works. He asked the Board and staff to think about ways to educate the public on the PDCA process.

ITEM NO. 6: APPROVAL OF MINUTES FROM THE MARCH 31, 2009 SPECIAL BOARD MEETING.

- Accounting & Finance Manager Stewart requested that "budget workshop" be changed to "financial workshop" under his financial report in the minutes. A motion was made by Director Langston and seconded by Director Dow to approve the minutes with this change. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 7: ACCOUNTING & FINANCE MANAGER REPORTS:

- Accounting & Finance Manager Stewart reported on the February 2009 Financial Statements, the Cash Position Report at 3/31/09 and the Check Register dated 4/23/09.

- Director Dow asked about the transfer of SB-1 funds. Accounting & Finance Manager Stewart responded that approximately \$200,000 of SB-1 funds had been transferred to the General Fund. Director Dow was concerned that this transfer may be violating the rules governing the SB-1 program. The Board agreed that Legal Counsel will review the SB-1 legislation and prepare an opinion for the Board.
- General Manager Travel Expenses: Accounting & Finance Manager Stewart reported that approximately \$6,000 in general manager travel expenses had been charged for the period July 1, 2008 to February 20, 2009.

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors' questions.

ITEM NO. 8: REPORTS FROM GENERAL MANAGER:

- General Manager Luhring reported on:
 - a. Budget Workshop on 5/18/09 at 5:00 PM to review the draft FY 2009/10 Budget.
 - b. GM Luhring and Electric Operations Manager Folce met with Invenergy representatives to discuss the funding agreement with PG&E for the system impact and feasibility studies associated with the proposed Horse Lake Wind Farm.
 - c. GM Luhring, Electric Operations Manager Folce and Accounting & Finance Manager Stewart met with consultants from RAM Environmental Engineering Services on the remediation work necessary for the Chestnut Street soil contamination.
 - d. GM Luhring and Electric Operations Manager Folce attended a meeting regarding a proposed transmission project

in Northern California. The meeting was hosted by TANC (Transmission Agency of Northern California).

e. Upcoming Meetings and Conferences:

4/30/09: GM Luhring, Electric Operations Manager Folce and Legal Counsel Gartner will meet with representatives from Surprise Valley Electric to discuss the Hayden Hill Line.

- Director Dow stated that Lassen County Supervisor Dahle has asked to meet with LMUD staff, as he would like to be kept apprised as to what is transpiring with the Hayden Hill Line.

f. Jackie Coombs from UAMPS will be in town the first part of May to begin the arrangements for the UAMPS Member Conference which will be held in Susanville in August, 2010.

ITEM NO. 9: REPORTS FROM ELECTRIC OPERATIONS MANAGER:

- Outage Report: Electric Operations Manager Folce reported that most of the outages in April were planned so that repair work and cutovers could be done. The reliability index is at 99.82%.
- OSHA Informal Conference: Electric Operations Manager Folce stated that he and General Manager Luhring met with the OSHA District Manager in Sacramento regarding the recent OSHA fines the District received, in hopes that the fines would be lowered. Even though staff felt that all the District's documents were in order, OSHA would not lower the fines.

Board discussion ensued. Electric Operations Manager Folce responded to the Board of Directors' questions.

ITEM NO. 10: CONSIDERATION OF THE SIR (SUSANVILLE INDIAN RANCHERIA) PROPOSED LETTER OF AGREEMENT; AND SETTING A PUBLIC HEARING DATE:

- General Manager Luhring thanked Business Office Manager Richards and Accounting & Finance Manager Stewart for their work in formulating a new letter of agreement between LMUD and the SIR. He explained his PUC §14401 Report regarding the SIR's Western Area Power Administration Resource Allocation and Rate & Facility Charge. He suggested holding the public hearing at the next regularly scheduled board meeting in May (5/26/09). This will allow ample time to publish the public hearing notice in the newspaper according to the law.

Board discussion ensued. Senior management staff responded to the Board of Directors' questions. There being no further discussion, Director Dow made a motion to hold the public hearing at the May 26, 2009 regular board meeting; and direct the General Manager to publish the public hearing notice in the newspaper. Motion seconded by Director Vial. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 11: DISCUSSION ON PROCUREMENT OF LEGAL COUNSEL SERVICES:

- General Manager Luhring referenced the synopsis prepared by Legal Counsel, at the request of the Board, regarding the advantages and disadvantages of appointing counsel as an officer versus contracting for legal services.

Discussion ensued on the following:

- The District should consider contracting for legal services.
- It is not conducive to District operations to have a General Counsel as an officer receiving benefits. In the past, with certain General

Counsels, benefits were paid out of their retainer.

- Operations will eventually smooth out and the load for legal services will decrease. Therefore, the District will probably not need full time legal services.
- Do not issue an RFP at this point. Staff will start keeping a record of the costs and hours accrued for legal services to help determine what is needed.
- Legal Counsel will compile the approximate routine hours that would be needed for legal services.

The Board agreed to revisit the District's requirements for legal services in two months at the regular board meeting in June (6/23/09). No further action was taken by the Board.

ITEM NO. 12: CONSIDERATION OF RESOLUTIONS 2009-01, 02, 03, 04, 05, 06 AND 07 – BOARD GOVERNANCE POLICIES:

- General Manager Luhring stated that both the final and redlined version of the Governance Policies (excluding the Compensation and Reimbursement Policy) were included in the board packets. The redlined versions reflected the Board's changes to the policies.
 - Director Dow requested that the Compensation and Reimbursement Policy be on the June 23, 2009 board meeting agenda. The Board agreed to this.
- A motion was made by Director Dow and seconded by Director Langston to approve **Resolution 2009-01 – Board Purpose – Policy No. 4000.**

Board discussion ensued. The policy was amended, deleting "They" and adding "The Board of Directors" in paragraph 2 of page 2. The first and second to the motion concurred with this amendment.

A call for the vote was as follows: Director Dow – aye; Director Nagel – aye; Director Langston – aye; Director Vial – aye: Motion passed.

- A motion was made by Director Dow and seconded by Director Langston to approve **Resolution 2009-02 – Election of Board Officers – Policy No. 4039.**

Board discussion ensued. The policy was amended, deleting “regularly scheduled” from the first bullet point of the policy. The first and second to the motion concurred with this amendment.

A call for the vote was as follows: Director Dow – aye; Director Nagel – aye; Director Langston – aye; Director Vial – aye. Motion passed.

- A motion was made by Director Langston and seconded by Director Vial to approve **Resolution 2009-03 – Role of Board President – Policy No. 4040.**

Board discussion ensued. There being no changes to the policy, a call for the vote was as follows: Director Dow – aye; Director Nagel – aye; Director Langston – aye; Director Vial – aye. Motion passed.

- A motion was made by Director Dow and seconded by Director Vial to approve **Resolution 2009-04 – Members of the Board of Directors – Policy No. 4050.**

Board discussion ensued. The policy was amended, adding “general” before guideline in the first paragraph under GENERAL MEETING GUIDELINES on page 1. The first and second to the motion concurred with this amendment.

A call for the vote was as follows: Director Dow – aye; Director Nagel – aye; Director Langston – aye; Director Vial – aye. Motion passed.

- A motion was made by Director Langston and seconded by Director Dow to approve **Resolution 2009-05 – Board Committees – Policy No. 4060.**

Board discussion ensued. There being no changes to the policy, a call for the vote was as follows: Director Dow – aye; Director Nagel – aye; Director Langston – aye; Director Vial – aye. Motion passed.

- A motion was made by Director Dow and seconded by Director Vial to approve **Resolution 2009-06 – Board Training, Education and Orientation – Policy No. 4090.**

Board discussion ensued. There being no changes to the policy, a call for the vote was as follows: Director Dow – aye; Director Nagel – aye; Director Langston – aye; Director Vial – aye. Motion passed.

- A motion was made by Director Dow and seconded by Director Langston to approve **Resolution 2009-07 – Agenda Planning – Policy No. 5020**.

Board discussion ensued. The policy was amended by deleting the entire 1st paragraph of the policy; and deleting “discussion item” in the 3rd paragraph and adding “an individual item”. The first and second to the motion concurred with these amendments.

A call for the vote was as follows: Director Dow – aye; Director Nagel – aye; Director Langston – aye; Director Vial – aye. Motion passed.

ITEM NO. 13: DISCUSSION ON UPDATING THE DISTRICT’S POLICY BINDER:

- Legal Counsel, Hal Gartner, stated that the District’s current policy binder is in dire need of updating. He suggested the Board consider retaining outside help (someone with employment law/environmental law background) or someone in-house to compile new policies and eliminate the old or outdated policies. Ideally, it would be good to eliminate all the old policies at one time. Mr. Gartner felt that the California Special Districts Association (CSDA) would be a very good resource for updating the binder. He said this will be quite a task and the Board might want to consider updating the policy binder one section at a time.

The Board discussed the following:

- The District should obtain quotes from different firms on how much it will cost to update the policy binder. Perhaps do a RFQ.
- Ad Hoc/Standing Committee involvement may be necessary.
- Updating the binder in-house would be the most cost effective, but the time it would take to update the binder is a factor, and having knowledge of the laws is very important.
- The CSDA should be contacted to see what services they offer.

The Board decided that the number one priority in updating the policy binder is how much it will cost. They asked staff to research and provide the Board with their findings. No further action was taken by the Board.

ITEM NO. 14: FUTURE BOARD MEETING SCHEDULE:

- Board Workshop on 5/18/09 at **5:00 PM**; and
Regular Board Meeting on 5/26/09 at 5:30 PM.

ITEM NO. 15: CLOSED SESSION:

The Board adjourned to Closed Session at 7:25 PM

A. Conference with Legal Counsel – Existing Litigation
(Subdivision (a) of Government Code §54956.9):

1. Steven Trevino and Amy Trevino vs. Lassen
Municipal Utility District, et al. U.S.D.C. Eastern
District Action No. 2:07-CV-02106 LKK DAD.

ITEM NO. 16: REPORT OF ACTION TAKEN (IF ANY) IN CLOSED SESSION:

The Board returned to Open Session at 7:55 PM

The following was reported by President Nagel for Closed Session Item 15A-1

- No reportable action was taken.

ITEM NO. 17: ADJOURN:

There being no further business, the meeting was adjourned at 7:57 PM.