

**MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING
DECEMBER 3, 2008
10:00 AM.**

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 10:00 AM by President Bowden.

Roll Call by Board Secretary Jerri Kresge:

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

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

ITEM NO. 2: APPROVAL OF AGENDA:

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

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

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

- None.

ITEM NO. 4: STAFF MEMBERS' REPORTS:

- None.

ITEM NO. 5: BOARD MEMBERS' REPORTS:

- Director Nagel stated that a special board meeting should be held at the first of January, 2009 for the swearing in of board members, appointment of board officers for 2009 and to discuss the District's goals and strategic planning. A regular board meeting is scheduled for January 27th, but this is too late in the month to conduct the aforementioned business.
- The Board directed General Manager Luhring and Board Secretary Kresge to set a date somewhere between January 4th and 10th and notify the Board of the special meeting date.

a. Board Members' Meetings Attended:

- No Report.

ITEM NO. 6: CONSENT AGENDA:

a. Consideration and approval of the Minutes from the September 23, 2008 Regular Board Meeting and the October 21, 2008 Special Board Meeting.

b. Consideration of Contract with Calscience Environmental Laboratories, Inc.

- General Manager Luhring explained that LMUD has a current contract with RAM Environmental Services who is performing soil sampling work for the Chestnut Street property. Calscience is the laboratory they use to test the samples and RAM has requested that the District pay Calscience directly, hence the need for a service contract.

There being no further discussion, a motion was made by Director Nagel and seconded by Director Dow to approve the Consent Agenda. Floor opened for public comment. No comment. A call for the vote was as follows:

Director Nagel – aye
Director Dow - aye
Director Bowden – aye
Director Langston – aye (abstained from the
10/21/08 minutes – absent at this meeting).

Motion passed.

ITEM NO. 7: PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS FOR FYE 6/30/08. TOM UNKE, VIRCHOW, KRAUSE & COMPANY; AND BILL STEWART, ACCOUNTING AND FINANCE MANAGER:

- Due to circumstances beyond his control, Mr. Unke was not able to attend the meeting, but participated via conference call. He apologized to the Board for not being at the meeting, but felt the presentation of the financial statements should not be delayed any longer. Mr. Unke said his firm plans on visiting LMUD during the 3rd quarter of FY 09 (February or March) which will allow for a “jump start” on the audit for FY 08/09. He said 2-way communication between parties is very important and increases the effectiveness of the audit. He thanked the staff for being fully prepared when supplying the audit team with materials they needed. Mr. Unke reviewed a power point presentation prepared by the audit team and said that LMUD received an “Unqualified” opinion from the auditors. This is a very good rating and in auditor’s terms it is a “clean” opinion. He suggested that the Board read the Auditor’s Notes to better understand the audit and thoroughly review the Balance Sheet and Cash Analysis.
- Accounting & Finance Manager Stewart noted that the last paragraph on Page 4 of the

Management Discussion and Analysis should be revised to accurately show that the 2.8 million does include purchase power.

Board discussion ensued. Mr. Unke and Accounting & Finance Manager Stewart responded to the Board of Directors' questions. At the request of the Board, Mr. Unke gave his contact information to them and said to feel free to call him if they had any questions after further reviewing the audited financial statements.

**ITEM NO. 8: CONSIDERATION AND APPROVAL OF THE
AUDITED FINANCIAL STATEMENTS FOR FYE
6/30/08:**

Director Dow made a motion to approve the Audited Financial Statements for FYE 6/30/08; and amend the last paragraph on Page 4 of the Management Discussion and Analysis to reflect what is actually included in the increase in operating expense. Motion seconded by Director Langston. Floor opened for public comment. No comment. A call for the vote was as follows:

- Director Nagel – aye
- Director Dow – aye
- Director Bowden – aye
- Director Langston – aye

Motion passed unanimously.

**ITEM NO. 9: CONSIDERATION AND APPROVAL TO
PURCHASE UTILITY POLES COSTING OVER
\$25,000; AND AUTHORIZATION FOR GENERAL
MANAGER TO SIGN PURCHASE ORDER:**

- General Manager Luhring stated that the current Purchasing Policy has a limit of \$25,000 for the General Manager's signature. This is creating a problem when poles and transformers are purchased as the cost is usually over \$25,000. He recommends having General Counsel draft an updated Purchasing Policy to include an inflation factor of up to \$40,000 and bring before the Board for their consideration at the 12/23/08 board meeting.

Board discussion ensued. General Manager Luhring and General Counsel Jones responded to the Board of Directors' questions. There being no further discussion, Director Nagel made a motion to approve the purchase of the poles costing over \$25,000; and authorize the General Manager to sign the purchase order. Motion seconded by Director Langston. Floor opened for public comment. No comment. A call for the vote was as follows:

- Director Nagel – aye
- Director Dow – aye
- Director Bowden – aye
- Director Langston – aye

Motion passed unanimously.

ITEM NO 10: ADJOURN:

There being no further business, the meeting was adjourned at 11:25 AM.