

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING/WORKSHOP
JANUARY 8, 2009
1:00 PM

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 1:00 pm by President Bowden.

Roll Call by Board Secretary Jerri Kresge:

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

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, and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

A motion was made by Director Dow and seconded by Director Langston 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:

- General Manager Luhring stated that staff is working on putting together the information from WAPA regarding projections and power procurement for 2009 that the Board requested at the last board meeting. This information will be presented at the next board meeting.
- As a follow up from the last board meeting, GM Luhring reported on the problem the CHP was having getting in touch with LMUD personnel during a recent outage. After checking with the CHP, it was found that they did not have the right numbers and also were calling an unknown number. It is still unclear why they were not calling LMUD's main number of 257-4174. The CHP has now been given the correct numbers to call.

ITEM NO. 5: BOARD MEMBERS' REPORTS:

- No Report.
 - a. Board Members' Meetings Attended:
 - No Report.

ITEM NO. 6: CONSENT AGENDA:

- a. None.

ITEM NO. 7: ADMINISTERING OF OATH OF OFFICE FOR ELECTED BOARD DIRECTORS:

- Board Secretary Jerri Kresge, administered the oath of office to Directors Fred Nagel (4 year term), Jay Dow (4 year term), Bud Bowden (2 year term) and Richard Vial (4 year term).

ITEM NO. 8: ELECTION OF BOARD OFFICERS FOR 2009:

- President Bowden stated that it had been a privilege and a pleasure to serve as Board

President. He felt the utility had made a lot of progress and said the District has an excellent management team and employee morale has been very good – let's keep it that way.

President Bowden made a motion to nominate Director Nagel as Board President. Director Vial seconded the motion. Director Dow called to close the nominations. The motion passed unanimously. At this point, Director Bowden handed over the gavel to President Nagel.

- Director Langston made a motion to nominate Director Dow as Vice-President. Director Vial seconded the motion. Motion passed unanimously.
- President Nagel felt that the Board Treasurer spends more personal time on the Board than any other officer. Director Bowden made a motion to nominate Director Langston as Board Treasurer. Director Dow seconded the motion. Motion passed unanimously.

SLATE OF OFFICERS FOR 2009:

- Fred Nagel – President
- Jay Dow – Vice-President
- Wayne Langston – Treasurer
- Bud Bowden – Director
- Richard Vial – Director
 - Jerri Kresge – Board Secretary

ITEM NO. 9: POLICY WORKSHOP – GOVERNANCE:

- President Nagel stated that the Board needs to become familiar with the policies the District has in place. Workshops keep the Board working better and communicating with staff. Several workshops will be needed to get the Board, Staff and the District as a whole back on track. Among the topics he wants to explore are:
 - Board Rules/Policies.
 - Long-term strategic planning – capital improvement plan.
 - Generation/transmission, etc. What direction does the District want to take?

- A review of the District's membership in various trade organizations. Think about re-joining NCPA – this is a good organization.
- Review of (1) Invenergy's proposed wind farm; (2) Viewland Site; (3) Tentative agreement with UAMPS to construct a power plant on LMUD property; (4) Hayden Hill Line.
- Small Hydro.
- Green Issues/Solar. Workshops on how mandated public benefits funds are being used.
- Organizational Chart showing all funded and vacant positions.
- Simple system map showing where the line 100's and 200's are located.
- A complete system tour for the Board.
- Clear Guidelines on surplus equipment disposal. There is no need for storing old equipment – there should be a quick turnover.
 - General Counsel Jones stated that her goal was to give the Board and staff direction in the areas of strategic planning, communications, and Board/Staff relations. She said that the main focus at this meeting will be on Governance.
 - Director Dow agreed with President Nagel's key points. Strategic planning and direction is needed. Board, staff and governance is how the District will function. Will we do transmission or generation, etc? All these things will determine our future. We need some good brainstorming sessions. The ultimate goal is to provide the best possible rates to our customers. An extra meeting may need to be scheduled each month so that the District can take care of business.
 - GM Luhring said that staff could do a meeting schedule and bring back to the Board. President Nagel said it is hard to schedule 2 or 3 months out. He felt it would be better if the Board Secretary contacted everyone for a mutual date and time. GM Luhring said that staff could put together a list of workshop topics and dates and give to the Board for their consideration and then develop a schedule from there.
 - President Nagel said that the top priorities include, (1) Strategic Planning; (2) Organization of the District; and (3) Governance. We cannot continue to raise rates just because our costs are going up.
 - Director Langston agreed that workshops are very important. He was concerned on how the District will off set costs and increase revenues.
 - Director Vial said it is very important to receive input from the ratepayers and to better educate them on District operations.

General Counsel Jones reviewed her outline on Governance that included:

- The Board's purpose and job description.
 - Agenda Planning.
 - Election of the Board President and Vice-President
 - The role of the Board President.
 - Board member behavior, committees, training.
 - Board compensation and benefits.
- **General Counsel Jones** stated that the District's current policy binder needs to be cleaned up. **Director Dow** suggested appointing a committee for this task to include staff and board members (standing committee). **Energy Services & Compliance Specialist Theresa Phillips** stated that a Public Benefits Committee is needed. There was a committee previously, but it was dissolved by the former general manager. **President Nagel** said that standing committees are subject to the Brown Act. He does like any kind of committees. We need workshops instead. After the Board is together for a least 5 years, then we can look at having committees, but we need a cohesive Board first. **Director Langston** felt that Ad Hoc Committees have their advantages, especially when the budget and audit are being reviewed which requires a lot of detail. **President Nagel** felt the Board should address the Governance issues at hand and critique what they have now and then give back to staff for modification, deletion, etc.
- Board Meetings and Agendas: **General Counsel Jones** stated that the Board needs to coordinate with staff so there are no surprises, especially when preparing a meeting agenda and the attachments. **Director Langston** said he does not like to be blindsided. He appreciates getting a draft agenda. The Board needs time to review information before making a determination. **President Nagel** said he likes to receive a draft agenda to review before it becomes final. We need to be organized so there are no surprises. **General Counsel Jones** said that the Board President needs to be more involved with agenda planning. **President Nagel** said that staff should make the decisions on the agenda items and keep him informed and, if necessary, he will provide input. **Director Dow** said the Board should get the board meeting materials several days in advance of the meeting so that there is ample time to review the information. **General Counsel Jones** asked if the Board

would like a summary for each agenda item. The Board agreed that these would be helpful. The Board decided to remove the Consent Agenda from the agenda format. It can always be put back on the agenda when appropriate. **General Counsel Jones** said the Board, General Manager and Controller should be the only ones who can place items on the agenda

Other Discussion:

President Nagel stated he is surprised at how few members of the public contact the Board except during board meetings. The public should be encouraged to contact the Board. Staff needs to support this. **Energy Services & Compliance Specialist Theresa Phillips** asked how the Board wanted to be contacted. She said that contact information can be put on LMUD's web site. **President Nagel** said the Board Directors are public servants. All Directors agreed that their contact information should be given to the public. **Business Office Manager Keri Richards** asked when she gets calls from irate customers should she direct them to the Board? Where do you draw the line? **President Nagel** said that staff should do their best to handle the customers and abide by District policies, but there may be a point when the Board gets involved. **Director Bowden** said that 9 times out of 10 if the Board gets an inquiry from a customer, they will direct them to staff to handle. **Business Office Manager Richards** said if she repeatedly gets the same questions from the customers, she will contact the Board. **Director Vial** suggested putting a contact form for the public on the web site. **GM Luhring** said the web site is in the process of being redesigned and a contact form can be included.

Director Langston: Board VP should become President the following year. This makes for a smooth flow of business and gives a sense of continuity.

Director Bowden and General Counsel Jones: Each board member can speak for himself, but President can speak with authority for Board when action has been taken. If no action taken, President would only speak for himself.

Accounting & Finance Manager Stewart, President Nagel, General Counsel Jones: Signatures for Board actions – who should sign? When action is reflected in minutes, board Secretary could sign. Accounting & Finance Manager Stewart would like delineation of what Board Secretary can sign vs. what President must sign.

General Counsel Jones: Staff will be more proactive on informing Board of training opportunities. President Nagel said that training should be discussed at board meetings to make sure it is the best training for the

Board. If the training is expensive, an option would be to do on site training. “Board Training” will be an item under Board Meetings Attended on the agenda.

Roberts Rules of Order should be adopted as a guideline as long as it does not interfere with current meeting requirements. The Board President should have the discretion to allow open discussion, but has the authority to loosen up or rein in as situation warrants.

Board Compensation needs to be reviewed due to many policies that exist. The District needs a specific policy on what is compensable – too many grey areas. We are required by law to define “compensable action” which we do in Resolution 92-08.

Director Dow: Board members should be compensated for activities such as, board meetings, committee meetings or official meetings such as trade organization conferences, but not for signing checks. Director Bowden: If a Board member is called in to sign checks, they should be compensated. Look at what other utilities are allowing as far as a compensable activity. General Counsel will get a copy of this policy to the Board. Resolution 96-03 needs to be revised – Board Members should not be reimbursed for driving to a board meeting, but if driving out of town, then this would be compensated.

President Nagel: Credit cards for Board Members are not necessary for travel. The Board Secretary can do travel arrangements. Most conferences, air travel and hotel rooms are paid by the District upfront and the Board can do an expense report for miscellaneous expenses. Include a list of company-paid expenses in Resolution 96-03.

The biggest benefit for a Board member and their eligible dependents is the District-paid health benefits.

Business Office Manager Richards: The Board should sit down with staff to see what they are doing. What does the Board want? Staff is working behind the scenes and needs direction from the Board on how to proceed. President Nagel: The Board should only communicate through the General Manager. It is the GM’s responsibility to communicate with staff. It is management’s responsibility to learn and be willing to do whatever it takes to support the District. LMUD has had too many general managers. It is hard to maintain. The District needs stability.

General Counsel Jones will do the draft policies on Governance to be presented to the Board at the February regular board meeting (2/24/09).

The next workshop will be on Board/Staff Relations which will include review of the organizational chart. When applicable, staff will put together final documents (resolutions, policies, etc.) after the workshops to be adopted at next board meeting.

ITEM NO 10: ADJOURN:

There being no further business, the meeting was adjourned at 3:12 PM.