

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
REGULAR BOARD MEETING
June 23, 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 – present
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, 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 Bowden 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:

- Meetings Attended: Director Bowden stated that he attended the American Public Power Association Annual Conference in Utah, June 15-17, with General Manager Luhring and Accounting & Finance Manager Stewart. Director Bowden gave a brief synopsis on the following breakout sessions he attended:

- Board Governance for the Green Wave: Making strategic decisions related to traditional energy sources versus the emerging green market.
- Plug-in Hybrids and Electric Vehicles: Alternative solutions to the world's dependence on oil and global climate change.
- Dealing with customers' inability to pay in tough economic times: Informative session on how other utilities are dealing with the impacts of a declining economy.
- Renewable Options and Opportunities best suited for Utilities: Key decisions will need to be made by utilities on how they will pursue renewable energy to meet legislative mandates.

ITEM NO. 6: APPROVAL OF MINUTES FROM THE MAY 18, 2009 SPECIAL BOARD MEETING AND THE MAY 26, 2009 REGULAR BOARD MEETING:

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

ITEM NO. 7: ACCOUNTING & FINANCE MANAGER REPORTS:

- Accounting & Finance Manager Stewart reported on the Cash Position Report at 5/31/09 and the Check Register from May 21 through June 17, 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:

- Meetings Attended:
 - a. American Public Power Association Annual Conference in Utah, June 15-17. The conference was very informative and there were many opportunities, while networking, to discuss the energy issues that are impacting the public power industry.
 - b. UAMPS Board of Directors' Meeting held at the APPA Conference. As part of the Settlement Agreement between UAMPS and LADWP regarding the IPP-3 Project, LMUD will receive \$80,444.08 which is 100% payback for monies contributed by LMUD to the IPP-3 Project.
 - c. Met with a firm that is proposing to install a 32 MW solar plant at the old SPI Mill site in Susanville. GM Luhring also met with Renergy who is proposing to install a biomass plant at the same site.
- Status of LMUD Transmission Tariff:
 - a. Met with WAPA representatives regarding LMUD's Transmission Tariff. They suggested staff meet with Redding Electric to discuss the tariff. A meeting has been scheduled for July 16th.
- Upcoming Meetings and Conferences:
 - a. LAFCO public hearing on July 13, at 707 Nevada Street, at 3:00 PM regarding the MSR

(Municipal Service Review) and sphere of influence.

- b. UAMPS Member Conference in Heber, Utah, August 10 -12. Please contact Jerri or Karen if you wish to attend.

Board discussion ensued. General Manager Luhring responded to the Board of Directors' questions.

ITEM NO. 9: REPORTS FROM ELECTRIC OPERATIONS MANAGER:

- Outage Report: Electric Operations Manager Folce reported that the outages in May were mainly caused by lightning and wind. One outage was attributed to a car-pole accident. The reliability index is 99.4%.
- Mr. Folce stated that LMUD is completing an application for the American Public Power Association's Reliable Public Power Provider Program (RP3). This program was created to encourage public power companies to be proficient in the areas of service which include: reliability, safety, workforce development and system improvement. Utilities who successfully meet the criteria in all four categories will receive recognition from APPA.

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

ITEM NO. 10: CONSIDERATION OF APPROVAL OF EXPENSE REIMBURSEMENT POLICY RESOLUTION 2009-09 WHICH SUPERCEDES RESOLUTIONS 90-2, 92-7, 92-8 AND 96-03:

- Accounting & Finance Manager Stewart stated that the Draft Expense Reimbursement Policy was developed by staff after considerable research with the goal in mind of having a viable policy for all individuals who are subject to expense reimbursement.

Board discussion ensued regarding the content of the Expense Reimbursement Policy; and that a separate Compensation Policy may be needed. Accounting & Finance Manager Stewart, Legal Counsel Gartner and General Manager Luhring responded to the Board of Directors' questions.

Director Bowden made a motion to adopt Resolution 2009-09 and the Expense Reimbursement Policy as written; and rescind Resolutions 90-2, 92-7, 92-8 and 96-03. Director Langston seconded the motion. Floor opened for public comment.

- A member of the public stated that she had received a notice from the Business Office asking that she update her account by providing her drivers license number and social security number. She provided this information, but felt very uncomfortable giving her social security number and asked why it was needed.
 - *Director Dow called for a point of order, stating that there was a motion on the floor which needed to be acted upon. President Nagel explained to the member of the public that the Board had a motion on the floor and if she could wait, it would be appreciated. The member of the public agreed to wait until the Board voted on the motion.*

A call for the vote was as follows:

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

Motion passed unanimously. The Board directed staff to prepare a draft compensation policy for Board review at the next regularly scheduled board meeting on July 28, 2009.

- Business Office Manager Keri Richards responded to public comment. Most identify thief occurrences start at the utility level and the Federal Trade Commission has mandated that a customer's identity be confirmed and then safeguarded by the entity gathering this information. Drivers' licenses and social security numbers are the best way of proving identity. LMUD's data base where this information is stored is very secure.

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

- General Manager Luhring stated that the Board had previously discussed procurement of legal counsel services and requested that it be revisited in a couple of months to allow further study by staff and legal counsel. GM Luhring referenced the two letters to the Board from Legal Counsel Gartner regarding the appointment of an attorney and the number of approximate hours needed by the District each month for legal services. He also referenced the notes from the Legal Work Scope Meeting on 3/3/09 that were included in the meeting materials for the Board's information.

Board discussion ensued on preparing an RFP for legal counsel services and the key elements that should be incorporated in the RFP. Legal Counsel Gartner responded to the Board of Directors' questions.

President Nagel suggested that perhaps the motion for procuring legal counsel services should read, "Direct staff to start putting together an RFP for contract legal services". Director Langston concurred and was the first to this motion. Director Bowden seconded the motion.

Further Board discussion ensued on the content of the RFP. Legal Counsel Gartner responded to the Board of Directors' questions. As an amendment to the original motion, Director Langston added that the notes from the Legal Work Scope Meeting should be used when preparing the RFP, revising and condensing as appropriate, into the work scope of the duties that would be expected of legal counsel; with a 20-hour per month guarantee and no set hourly rate. The second to the original motion concurred with this amendment. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed unanimously. The Board requested that the draft RFP be presented to them at the next regular board meeting on July 28, 2009.

**ITEM NO. 12: DISCUSSION AND POSSIBLE ACTION
REGARDING MEMBERSHIP IN THE CALIFORNIA
EMPLOYERS' ASSOCIATION:**

- General Manager Luhring stated that the Board had tasked staff with finding the most cost effective way to completely revamp the District's existing policy manual. Staff located the California Employers' Association (CEA) who has a Public Employee Policy Handbook template that can be customized to the specific needs of the District. This would require membership in the CEA at the cost of \$1,995 for the first year.
- Legal Counsel Gartner mentioned the 2007/08 Grand Jury Report in which there was a complaint against LMUD for not having a comprehensive policy manual. He stated that the CEA seems to be the most reasonable choice for putting together a manual and recommended enlisting their services. Mr. Gartner stated that the California Special District Association (CSDA) and a legal firm were contacted in regard to putting together a manual, but to date, no response has been received from them.

Board discussion ensued. Legal Counsel Gartner and Executive Assistant Karen Rollings responded to the Board of Directors' questions. The Board was concerned that what the CEA was offering was not broad enough for the District's policy manual and appeared to be an employee handbook rather than a policy manual. They requested that staff try again to contact the other entities that did not respond; and to have a representative of the CEA make a presentation to the Board at the July 28, 2009 regular board meeting.

The Board tabled this item until the July 28, 2009 regular board meeting.

ITEM NO. 13: FUTURE BOARD MEETING SCHEDULE:

- Regular board meeting on July 28, 2009 at 5:30 PM.
- General Manager Luhring stated that at the last board meeting, the Board directed him to schedule a public hearing in July for the SB-1 Program. He requested that the public hearing be scheduled for the July 28, 2009 regular board meeting.

Director Bowden made a motion to direct the General Manager to include the public hearing for the SB-1 Program at the July 28, 2009 regular board meeting. Director Vial seconded the motion. A call for the vote was as follows:

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

Motion passed unanimously.

ITEM NO. 14: CLOSED SESSION:

Director Nagel read the Closed Session Items:

A five minute recess was taken at 7:03 PM.

The Board adjourned to Closed Session at 7:08 PM

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

1. Eileen Spencer vs. Lassen Municipal Utility District, California Court of Appeal, 3rd Appellate District, Case #36791, C048829, C047584 .
2. Steven Trevino and Amy Trevino v. Lassen Municipal Utility District, et al. U.S.D.C. Eastern District Action No. 2:07-CV-02106 LKK DAD.

B. Real Property: AT&T Equipment Site at Viewland off US 395 near Noble Emigrant Trail Marker approximately 10 miles north of Litchfield, CA. APN 109-010-04.

C. Public Employee Performance Evaluation. Title – General Manager (Pursuant to Government Code §54957).

ITEM NO. 15: REPORT OF ACTION TAKEN (IF ANY) IN CLOSED SESSION:

The Board returned to Open Session at 8:35 PM.

The following was reported by Legal Counsel Gartner for Closed Session Item 14A-2:

- It was moved, seconded and unanimously approved that the proposed settlement in the action entitled, Steven Trevino and Amy Trevino v. Lassen Municipal Utility District, et al, Eastern District Federal Court Action No. 2:07-CV-02106, be accepted as recommended and approved by Federal Magistrate Brennen at the mandatory settlement conference on Thursday, June 18, 2009, and including, but not limited necessarily to, settlement of the entire matter and all coverage disputes with Zurich Insurance. The General Manager and Board President are authorized to execute appropriate releases and settlement agreements on behalf of the Lassen Municipal Utility District.

The following was reported for Closed Session Items 14A-1, 14B and 14C:

- No reportable action was taken.

ITEM NO. 16: ADJOURN:

There being no further business, the meeting was adjourned at 8:39 PM.