

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
JANUARY 13, 2009**

SALUTE TO THE FLAG

President Fraser asked Manager Brown to open the meeting with the salute to the flag.

MOMENT OF SILENCE

The Board observed a moment of silence in remembrance of our country's troops and their families.

CALL TO ORDER

President Fraser called the meeting to order at 2:00 P.M. Directors present were Ball, Dennis, Kiely and Onken. Representing the District were Manager Brown, Field Operations Supervisor Magliocca, Clerk Rustenhoven and Engineer Knibb.

BOARD MEETING MINUTES

The Board reviewed the minutes of the Regular Board Meeting of December 9, 2008 and the Adjourned Board Meeting of December 9, 2008. After discussion, it was moved by Director Dennis and seconded by Director Kiely that the minutes of the Regular Board Meeting and the Adjourned Board Meeting of December 9, 2008 be approved as presented. The motion passed with a unanimous affirmative vote.

FINANCIAL REPORT AND AUTHORIZATION OF WARRANTS

The Board reviewed the Financial Report for the month of December 2008. After discussion it was moved by Director Ball and seconded by Director Onken that the Financial Report ending December 31, 2008 be approved and that bank transfers No. 49932, and 25852 (Account #11697-80000) totaling \$11,247.68 and Warrants No. 11415 through 11504 (Account #191047059) including voided Warrants # 11380 and #11390 totaling \$242,883.15 and Warrants No. 1011 through 1012 (Account #191047047) totaling \$457.54 and Warrants No. 1001 through 1003 (Account #191047035) totaling \$125.00 be approved for payment. The motion passed with a unanimous affirmative vote.

APPOINTMENT OF SC-OR COMMISSIONERS FOR 2009

President Fraser made the appointment of Director Dennis and himself as the 2009 SC-OR Commissioners for the District noting this is an annual term. President Fraser noted the voting commissioner for the District will be Director Dennis. President Fraser added that any other District committees will be appointed as needed for District business.

**CONSIDERATION OF VILLA VERONA "STEP" SEWER SYSTEM REPLACEMENT -
PHASE 1 DRAFT CEQA ENVIRONMENTAL REVIEW**

Manager Brown reported the Proposed Mitigated Negative Declaration and Initial Study for the Villa Verona STEP Sewer System Replacement, Phase 1 have been completed. Continuing, the Draft environmental documents need to be circulated to the State Clearinghouse, to responsible and interested public agencies, and made available for public review. Manager Brown added the District must also schedule a Public Hearing to received comments.

After discussion it was moved by Director Onken and seconded by Director Ball to take the following action as outlined:

- Authorize the filing of the proposed Negative Declaration and Environmental Initial Study with the Office of the Butte County Clerk.
- Authorize the circulation of the proposed Negative Declaration and Environmental Initial Study with responsible and interested agencies and with the State Clearinghouse.
- Authorize publication of a Notice of Public Review Period and Public Hearing on the proposed Negative Declaration.
- Schedule a Public Hearing for the proposed Negative Declaration at the Regular Board Meeting of February 10, 2009.

The motion passed with a unanimous affirmative vote.

AGENDA AMENDMENT

President Fraser stated he would like to change the language as stated before discussing the next item. To facilitate this change the Board must consider Amending the Agenda. Director Onken moved to Amend the Agenda, with regard to the inclusion of additional financial institutions and specify the bank account as "interest bearing account". Director Dennis seconded the motion. President Fraser asked for a vote on the motion. The motion passed with a unanimous affirmative vote.

APPROVAL TO OPEN AN INTEREST BEARING ACCOUNT WITH BANK OF AMERICA, TRI-COUNTIES BANK AND WACHOVIA BANK

Manager Brown stated that given the current banking environment he would like to diversify District funds by opening an "interest bearing account" with the three local banks the District is currently conducting business. Manager Brown recommended the Authorization of Opening Interest Bearing Accounts with Bank of America, Tri-Counties Bank and Wachovia Bank.

After discussion, it was moved by Director Dennis and seconded by Director Kiely to Authorize the Opening of Interest Bearing Accounts with Bank of America, Tri-counties Bank and Wachovia Bank. The motion passed with a unanimous affirmative vote.

RDA BOND PAYMENT

Manager Brown stated this was an informational item, noting that the January 1, 2009 Bond payments have been made. The payment was an interest only; it did not include any principal pay down.

DRAFT AMENDMENT BOARD POLICY 3070 AND 3090

Manager Brown reported these changes are necessitated in order to be consistent with the development of the District Lateral Ordinance. These Policies are in draft form for Board review and discussion. Manager Brown stated he will bring these both back for adoption consideration next month.

LAKE OROVILLE GOLF AND COUNTRY CLUB CONDOMINIUM PROJECT

Manager Brown stated this was an informational item. The District was asked to provide Will Serve Letter for the Lake Oroville Golf and Country Club Condominium Project. The initial design includes the construction of 140.4 story condominiums along with a commercial unit to be built around the existing Kelly Ridge Estates Club House and Restaurant.

VILLA VERONA STEP SYSTEM REPLACEMENT PERMIT PROCESS

Manager Brown stated this item was previously discussed in item #7.

SEWER TECHNICAL ADVISORY COMMITTEE

Manager Brown reported SC-OR hosted the second Sewer-TAC meeting. All entities discussed options working towards the reduction of I & I. The District made a brief presentation on the status of the District Lateral Testing Program. Engineer Knibb added other discussion included the development of a sewer service tracking system in order to account for service inquiries, pending service connections, discontinued services, just to mention a few elements which will be incorporated.

FIELD OPERATIONS SUPERVISOR RETIREMENT

Manager Brown reported Field Operations Supervisor Magliocca has announced his retirement as of June 30, 2009. The Board congratulated F.O.S. Magliocca on his decision to retire.

LAIF SEMI ANNUAL REPORT

Manager Brown noted the December 31, 2008 LAIF statement was included in today's meeting packet, along with a copy of correspondence from Minasian Law Firm dated December 24, 2008. After consideration of the correspondence received, Manager Brown had a meeting with Legal Counsel Cooper and the District Auditor Jim Duckett to discuss District options in the current financial environment. Manager Brown provided a brief summary of options and fielded questions from the Board. The Board provided a consensus and direction to the staff for District Investments.

SC-OR COMMISSIONER'S REPORT

Director Dennis reported SC-OR held a Special Meeting to discuss the current status of financial institutions on January 12, 2009. All other matters are included in the SC-OR minutes included in the packet.

BCSDA REPRESENTATIVES' AND LAFCO REPORT

Manager Brown reported at the January BCSDA Executive Board meeting, Jim Edwards, SFWPA was elected President and Nan Johnson, PCD was elected Vice-President. Fred Brooks, CARD gave an interesting presentation on the development and construction of the Clotilde Merlo Park, thirty years ago.

BOARD MEMBER'S, MANAGER AND STAFF COMMENTS

Director Onken added he was pleased the Board could provide a unanimous consensus and direction to staff. Director Ball thanked staff for providing a first line of defense at the front of the District office by placing boulders in front of the office windows.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 2:45 P.M.

Respectfully submitted,

Janette Rustenhoven,
Clerk of the Board