

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
JANUARY 8, 2008**

SALUTE TO THE FLAG

President Kiely asked Director Ball to open the meeting with the salute to the flag.

MOMENT OF SILENCE

The Board observed a moment of silence for fellow Board Director "Bob" Simpson.

CALL TO ORDER

President Kiely called the meeting to order at 2:00 P.M. Directors present were Ball, Fraser and Dennis. Representing the District were Manager Brown, Field Operations Supervisor Magliocca, Clerk Rustenhoven and Engineer Knibb of Sauers Engineering. Director Simpson was absent from the Meeting.

BOARD MEETING MINUTES

The Board reviewed the minutes of the Regular Board Meeting of December 11, 2007 and the Adjourned Board Meeting of December 11, 2007. After discussion, it was moved by Director Dennis and seconded by Director Ball that the minutes of the Regular Board Meeting and the Adjourned Board Meeting of December 11, 2007 be approved as submitted. The motion passed with a majority affirmative vote. The results were as follows:

AYES: Director Ball, Dennis, Fraser, and Kiely
ABSENT: Director Simpson

FINANCIAL REPORT AND AUTHORIZATION OF WARRANTS

The Board reviewed the Financial Report for the month of December 2007. After discussion it was moved by Director Dennis and seconded by Director Ball that the Financial Report ending December 31, 2007 be approved and that Warrants No. 10329 through 10431, as well as bank transfers No. 60034 and 23451, (Account #11697-80000) including Warrant #10329 which was voided, totaling \$162,905.40 and Warrants No. 564 through No. 566 (Account #11694-80238) totaling \$2,147.58 and Warrants No. 5050 in the amount of \$25.00 (Account #11692-80239) and Warrant No. 3008 (Account #11699-80240) totaling \$17,786.48 be approved for payment. The motion passed with a majority affirmative vote. The results were as follows:

AYES: Director Ball, Dennis, Fraser and Kiely
ABSENT: Director Simpson

APPOINTMENT OF SC-OR COMMISSIONERS FOR 2008

President Kiely made the appointment of Director Dennis and Director Fraser as the 2008 SC-OR Commissioners for the District noting this is an annual term. The alternate Commissioner named to serve if necessary is President Kiely. President Kiely added that any other District committees will be appointed as needed for District business.

"L" SYSTEM MODIFICATION PROJECT - RELEASE OF RETENTION FUNDS

Manager Brown stated that the closeout process for this project was started at the last Regularly Scheduled Board Meeting with the approval of the final pay estimate. Manager Brown state the project was complete and functional and recommended the 10% retention be released to the contractor. Manager Brown noted that in addition to the Liquidated Damages which had already been withheld from previous District's payments, two additional amounts totaling \$2,872.75 were deducted from the Retention payment.

After discussion, it was moved by Director Ball and seconded by Director Fraser to Authorize the Payment of Retention Funds for the "L" System Modification Project to Santos Excavating in the amount of \$93,911.99 after adjustments. The motion passed with a majority affirmative vote. The results were as follows:

AYES: Director Ball, Dennis, Fraser and Kiely
 ABSENT: Director Simpson

SPHERE OF INFLUENCE UPDATE - ENVIRONMENTAL CONSULTANT RFP

Manager Brown reiterated in 2006 the Board authorized staff to obtain proposals for an Environmental Impact Report for the Comprehensive Update of the District's Sphere of Influence through Butte Lafco. Manager Brown continued, shortly after this authorization Lafco took the position not to approve any Sphere of Influence until the County's General Plan Update was completed. Manager Brown reported just recently Lafco has changed their position and will now support the District's efforts to move forward on a Sphere of Influence Update. Manager Brown reported the Preliminary Draft SOI Update document has been reviewed by Lafco Staff and to move forward the appropriate environmental work needs to be completed.

After discussion, it was moved by Director Fraser and seconded by Director Dennis to Authorize a Request for Proposals to Retain a Consultant to Prepare an Environmental Impact Report for the District Sphere of Influence Update. The motion passed with a majority affirmative vote. The results were as follows:

AYES: Director Ball, Dennis, Fraser and Kiely
 ABSENT: Director Simpson

RDA DEBT RESERVE ACCOUNT

Manager Brown reported as per the "Letter of Conditions" associated with the RDA Bond repayment, the District is required to set aside 1/10th of the annual debt service payment each year into a Debt Reserve Account until the balance reaches one full annual payment. The e Time Certificate investment which matured on January 7, 2008, was rolled into a 120 day term Time Certificate at the rate of 4.75%.

L.A.I.F. REPORT

Manager Brown stated that this is an informational item to present the LAIF statement of December 31, 2007 to the Board, however the LAIF Statement is not yet available this item will be on the next Regularly Scheduled Board Meeting.

ROYAL OAKS PUMPSTATION UPGRADES

Manager Brown reported the upgrades to the Royal Oaks Pump Station are progressing. The Field crew is working on the concrete slab and retaining wall for the generator. FOS Magliocca reported that he had the property line verified before finalizing the placement of the generator, adding the SCADA system is scheduled for installation next month.

LATERAL TESTING PROGRAM

Manager Brown reported SC-OR hosted a Lateral Testing Program Web Cast last month, which several staff members attended. Manager Brown stated he was planning a follow up staff meeting this month.

PALERMO SEWER

FOS Magliocca reported a grant application for startup fees is being pursued. He also reported that Butte County Supervisor Bill Connelly attended the December Meeting, stating this issue would be placed on the Butte County Agenda for discussion.

SC-OR COMMISSIONER'S REPORT

Director Dennis reported the SC-OR Meeting of December 19, 2007 was uneventful, adding Superintendent Sousa is pursuing the sale of effluent water for generating revenue. As further reported Superintendent Sousa met with the City of Chico to gain knowledge and support for this effort.

BCSDA REPRESENTATIVES' AND LAFCO REPORT

Manager Brown reported that the administrative term for Paradise Recreation & Park District had ended and the Executive Board voted for Paradise Irrigation District to assume the administrative duties for the 2008 calendar term. Manager Brown further reported Rick Hall was voted President of the Executive Board and Jim Edwards, as Vice-President.

DISTRICT WEBSITE

Manager Brown announced that the District's website would soon be up and running, adding that the website address is www.loapud.com.

BOARD MEMBER'S, MANAGER AND STAFF COMMENTS

Manager Brown provided an update on Director Simpson and his current health condition. President Kiely acknowledged the letter of resignation from Director Simpson.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 2:30 P.M.

Respectfully submitted,

Janette Rustenhoven,
Clerk of the Board