

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
JULY 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 in remembrance of the many fire victims.

CALL TO ORDER

President Kiely called the meeting to order at 2:00 P.M. Directors present were Ball, Dennis, Fraser and Onken. Representing the District were Manager Brown, Field Operations Supervisor Magliocca, and Clerk Rustenhoven. Also attending the meeting was Mr. Tony Rushing, representing himself for general information.

BOARD MEETING MINUTES

The Board reviewed the minutes of the Regular Board Meeting of June 10, 2008. After discussion, it was moved by Director Ball and seconded by Director Fraser that the minutes of the Regular Board Meeting of June 10, 2008 to 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 June 2008. After discussion it was moved by Director Onken and seconded by Director Ball that the Financial Report ending June 30, 2008 be approved and that Warrants No. 10893 through 10971, as well as bank transfers No. 51126 and 13987, (Account #11697-80000) totaling \$239,002.32 and Warrant No. 576 through Warrant No. 580 in the amount of \$848.36 (Account #11694-80238) be approved for payment. The motion passed with a unanimous affirmative vote.

AMENDMENT OF RESOLUTION NO. 9-08

Manager Brown reported Budget Resolution No.9-08 included a sewer service charge increase. Since Proposition 218 requires that the District hold a majority protest hearing before considering increases in service charges, he is recommending that the adopted Budget Resolution No. 9-08 be amended to eliminate the District service charge increases. He further stated that all of the District customers could be notified of the hearing and it could be held at the Regularly Scheduled September Board Meeting.

After discussion, it was moved by Director Dennis and seconded by Director Fraser for the Approval to Amend Resolution No. 9-08, eliminating the District monthly sewer service charge increase, to include scheduling a Protest Hearing for September 10, 2008 and instruction to provide Notice to all District customers within the legal requirements as required. The motion passed with a unanimous affirmative vote. President Kiely asked for a roll call and the results were as follows:

AYES: President Kiely, Director Ball, Dennis, Fraser and Onken

APPROVAL TO ESTABLISH BUSINESS BANKING SERVICE WITH TRI-COUNTIES BANK OF OROVILLE

Manager Brown stated the District was approached by Tri-Counties Bank to provide their business banking services. District Staff has met with the representatives regarding the many options the District may consider utilizing in daily operations. Tri-Counties also provides competitive rates and fees for these services. Manager Brown recommended the District move their bank accounts to Tri-Counties Bank.

After discussion, it was moved by Director Ball and seconded by Director Onken to Authorize the General Manager to Establish Business Banking Services with Tri-Counties Bank of Oroville. The motion passed with a unanimous affirmative vote.

DRAFT AMENDMENT TO BOARD POLICY NO. 6110

Manager Brown reported a Draft Amendment to Board Policy No. 6110 "Facility Extension Agreements" has been included in the packet for review. The purpose of this amendment is to provide an agreement to require property owner's which connect to a main line extension, to pay a proportional share of the extension cost as calculated by the District. Upon receipt of any comments, the appropriate changes would be made and this Policy would be considered for Adoption at the Regularly Scheduled August Board Meeting.

DRAFT AMENDMENT TO BOARD POLICY NO. 3025

Manager Brown reported a Draft Amendment to Board Policy No. 3025 "Investment of District Funds" has been included in the packet for review. The purpose of this amendment is to update the District's Investment Fund List to reflect current activity. Upon receipt of any comments, the appropriate changes would be made and this Policy would be brought back for Adoption consideration at the Regularly Scheduled August Board Meeting.

SEWER LINE EXTENSION REIMBURSEMENT AGREEMENT

Manager Brown reported that in support of the proposed amendment to Board Policy No. 6110, a Draft Agreement between the District and a Developer constructing a main line extension is included in the packet. This sample agreement sets forth the proportional reimbursement costs for properties connecting to and benefiting from a main line extension. The agreement will be reviewed by Legal Counsel Meith. Upon receipt of any comments, the appropriate changes would be made and this Agreement would be ready for use.

LATERAL TESTING PROGRAM UPDATE/APPROVAL

Manager Brown stated the Committee is averaging two meetings per month; reviewing a new Section at each meeting. As these sections are completed, they will be reviewed by District Legal Counsel. In closing, Manager Brown stated he anticipates that the "Draft" Ordinance for the Board to review in October.

RDA DEBT RESERVE ACCOUNT

Manager Brown reported the Annual Debt Reserve Contribution has been deposited with Wachovia Bank. The amount of the 2008 contribution was \$26,518.00. The funds were deposited with Wachovia in an effort not to exceed the \$100,000 FDIC insurance limit and to optimize interest earnings.

BUTTE COUNTY SEWER FEE PAYMENT POLICY

Manager Brown reported on the May Oroville Sewer Summit Meeting between the County of Butte, City of Oroville, TWSD, LAFCo, and the District. LAFCo provided correspondence summarizing the meeting. Contained in this letter, Butte County Planning refers to placing conditions on the filing tentative maps requiring sewer connection reservations. Currently SC-OR does not reserve capacity for service; their policy is first come first served. Capacity is only reserved upon payment of SC-OR fees. Manager Brown commented this places a financial burden on the project developer, adding he will be meeting with SC-OR and TID in an effort to modify the language contained in the "Will Serve" letters that could possibly satisfy the County Planning Department.

SC-OR COMMISSIONER'S REPORT

Director Fraser referenced the Meeting Minutes, stating he had nothing further to report.

BCSDA REPRESENTATIVES' AND LAFCO REPORT

Manager Brown reported that the BCSDA Annual General Membership Meeting will be held on August 23rd at the Merlo Park in Sterling City. The event will include a BBQ luncheon.

BOARD MEMBER'S, MANAGER AND STAFF COMMENTS

Director Dennis noted the upcoming election deadlines. Mr. Rushing contributed a few general comments regarding the Oroville's sewer service as a whole. The Board had no further comments or questions.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned at 2:47 P.M.

Respectfully submitted,

Janette Rustenhoven,
Clerk of the Board