

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT
BOARD OF DIRECTOR REGULAR MEETING
OCTOBER 8, 2013**

SALUTE TO THE FLAG

President Fairbanks opened the meeting with the salute to the flag.

MOMENT OF SILENCE

President Fairbanks asked for a moment of silence to reflect on the state of our country.

CALL TO ORDER

President Fairbanks called the meeting to order at 2:00 P.M. Directors present were Dennis, Kiely, Kuehner and Onken. Representing the District were Manager Long, Field Operations Supervisor Sanders, Engineer Knibb, and Clerk Quigley. Also present was James Duckett of Davis Hammon & Co.

CONSENT AGENDA

The Board reviewed the minutes of the Regular Board Meeting of September 10, 2013 and the Special Board Meeting of September 27, 2013, the Financial Report and Warrant List for month ending September 30, 2013. After discussion, it was moved by Director Kiely and seconded by Director Dennis that the items on the consent agenda be approved as presented. The motion passed with a unanimous affirmative vote.

PRESENTATION OF 2012/2013 INDEPENDENT AUDIT REPORT

Jim Duckett of Davis Hammon & Co. presented the Board with a summary of the 2012/2013 Financial Statement and Independent Audit Report. Mr. Duckett directed the Board's attention to the set of trend graphs that show growth in the District, both physical and financial, from the previous year and it appears to be a trend for the 2013/2014 fiscal year.

After discussion, it was moved by Director Onken and seconded by Director Dennis to approve the 2012/13 Independent Audit Report as prepared and presented by Davis Hammon & Co. The motion passed with a unanimous affirmative vote.

Jim Duckett of Davis Hammon & Co. left the meeting at 2:55 P.M.

DISTRICT CAPACITY CHARGE STUDY REVIEW

Manager Long presented the Board with a Draft Sewer System Capacity Charge Study Update September 2013. He stated Legal Counsel Meith had suggested some changes in the calculation of the Buy-In Capacity charge and that those draft changes were included in the Managers Report. Proposed Buy-in Option #1 would use the book cost instead of the net book value of the existing facilities. Proposed Buy-in Option #2 would use the book cost of existing facilities including donated and grant funded facilities. The proposed charges would range from \$1,180.40 per EDU for Option #1 to \$2,480.64 per EDU for Option #2. Director Kiely asked for a rate comparison of other sewer service agencies so the Board may set a fair and equitable rate for developers that allows the District to acquire funds for future capital improvements.

After discussion, no action was taken and President Fairbanks requested this item be tabled until next regular Board meeting.

BUTTE COUNTY AND CALTRANS REQUEST TO PURCHASE DISTRICT OWNED PROPERTY

Manager Long stated Butte County and Caltrans had sent a request to purchase a .001 acres or 53 square feet of District owned property on the corner of Virginia Ave and Lincoln Blvd, APN 035-222-038 for a sidewalk improvement project. He noted that the entire parcel is .05 acres and was deeded to the District for easement purposes. The District has no pipeline within the parcel. Manager Long recommended negotiating with Butte County and Caltrans to purchase the entire parcel.

After discussion, it was moved by Director Kiely and seconded by Director Kuehner to authorize the General Manager to negotiate with Butte County and Caltrans for the sale of the entire parcel. The motion passed with a unanimous affirmative vote.

BCSDA CALL FOR NOMINATIONS

After discussion, it was moved by President Onken and seconded by Director Dennis to nominate Jayme Boucher, TWSD and George Barber, PID as an Enterprise Executive Board Members. The motion passed with a unanimous affirmative vote.

SC-OR COMMISSIONER'S REPORT

Directors Kiely noted that the draft minutes were included in the Board packet and that SC-OR was moving forward with a rate study.

BCSDA REPRESENTATIVES' AND LAFCo REPORT

No report.

QUARTERLY INVESTMENT SCHEDULE AND CASH FLOW ANALYSIS

Manager Long directed the Board's attention to the Quarterly Investment Schedule and Cash Flow Analysis included in the packet.

BOARD MEMBER'S, MANAGER AND STAFF COMMENTS

Field Operations Supervisor Sanders reported on a minor sanitary sewer overflow on Idora St. He noted it was a Category 3 SSO and reported to Water Quality Control Board October 1, 2013. He also stated the Villa Verona project is winding down for the construction season.

Manager Long noted the customer at 3183 Claremont spoke highly of the field crew for their work and behavior on the Villa Verona project.

ADJOURNMENT

There being no further business to come before the Board the meeting was adjourned 4:11 P. M.

Respectfully submitted,

Cindy Quigley,
Clerk of the Board