

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF
DIRECTORS OF CRESTLINE VILLAGE WATER DISTRICT**

JANUARY 15, 2008

President McGehee called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 pm, on Tuesday, January 15, 2008, at the regular meeting place of said Board at its office in Crestline, California.

ROLL CALL: Present were President C. N. McGehee, Directors William Huckell, Alan Clanin, Charles Spinks and Kenneth Stone.

Staff members present were General Manager Karl Drew, Attorney Ronald Van Blarcom, Engineer Fred Hanson, Field Supervisor Donald Wagner, and Office Manager Joyce Barkley.

MINUTES OF PREVIOUS MEETINGS: On a motion by Director Stone and a second by Director Clanin, the minutes of the Adjourned Regular Meeting of December 4, 2007 were unanimously approved as corrected.

APPROVAL OF CASH DISBURSEMENTS: The Board reviewed the Cash Disbursements for the month of December 2007. On a motion by Director Stone and a second by Director Spinks, the cash disbursements for December 2007 were unanimously approved.

PUBLIC COMMENTS: None.

PROGRESS REPORT ON PINECREST AND CHILLON TANK SITE FENCING. General Manager Drew reported on the status of the fencing projects. Elrod Fencing has completed the Pinecrest Tank Site fence, and was delayed at the Chillon site because of the recent storms. Elrod is scheduled to return to Chillon to continue work on Wednesday, January 16, 2008.

CONSIDER INCREASE IN HEALTH BENEFITS PREMIUMS AND ADJUSTMENT TO MAXIMUM MONTHLY HEALTH BENEFIT. General Manager Drew discussed the employee health premium increases effective January 1, 2008. The average increase of premiums was 5.13%. On a motion by Director Stone and a second by Director Clanin a 2.6% increase in the maximum monthly health benefits paid by the District, effective January 1, 2008, was unanimously approved, at a total annual cost to the District of \$2,825. The maximum monthly benefit increased from \$1,115 per employee to \$1,144.

ANNUAL REVIEW OF INVESTMENT POLICY. General Manager Drew explained that the Investment Policy is to be reviewed by the Board annually. He recommended that no changes be made to the policy. On a motion by Director Clanin and a second by Director Spinks, the Board unanimously approved the Investment Policy with no changes.

MANAGER'S REPORT: General Manager Drew reported on the State declared fiscal emergency and the Governor's State of the State address. The Governor has indicated that he would in all probability not turn to property taxes as a source of budget revenue. If that situation changes, and our property taxes are taken, they must be repaid by the State with interest within three years. If

our property taxes are taken, it will not have a major impact on the District as the fiscal impact would be approximately 1% of annual revenues.

General Manager Drew also reported on the possibility of abandoning the Valle horizontal well. It appears that some of the top soil in the area covering the well has washed away, allowing debris and dirt to infiltrate the well. Potential alternatives will be considered at a later date, after discussions with the hydrogeologist. The well is not a high producer and will not have a major impact on the District's water supply.

Also noted was that the delivery of the Hybrid vehicle has been delayed due to high demand at the manufacturer. We expect to take delivery in late February.

DIRECTORS' REPORT: None.

As there was no further business, the meeting was adjourned at 3:42 pm. The next meeting is scheduled for Tuesday, February 19, 2008 at 3:00 pm.