

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

**SEPTEMBER 15, 2009**

President McGehee called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:02 pm, on Tuesday, September 15, 2009, 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, Kenneth Stone and Steven Farrell.

Staff members present were General Manager Karl B. Drew, Attorney Ronald Van Blarcom, Field Supervisor Donald Wagner and Office Manager, Larrie Davis. Absent was Engineer Fred Hanson.

Also present were Jay Zercher of Rogers, Anderson, Malody and Scott, LLP and Norman Hunt, Darel Davis, Shonna Davis and Rose Wiegand.

MINUTES OF PREVIOUS MEETING: On a motion by Director Stone and a second by Director Clanin, the minutes of the Regular Meeting of August 18, 2009 were unanimously approved.

CASH DISBURSEMENTS: The Board reviewed the cash disbursements for the month of August 2009. On a motion by Director Stone and a second by Director Huckell the cash disbursements for August 2009 were unanimously approved.

PUBLIC COMMENTS: None.

PRESENTATION OF ANNUAL AUDIT REPORT FOR FISCAL YEAR 2008-2009: The District's Auditor, Jay Zercher, of Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, presented the audit report for the fiscal year ending April 30, 2009. The audit report includes an unqualified opinion from the auditor stating that the financial statements fairly present the financial position of the District.

Mr. Zercher reviewed and discussed the various financial statements, schedules and notes in the audit report with the Board. The District is in a good financial condition with a ratio of current assets to current liabilities of 11.69:1 as compared to 9.19:1 for last year. This ratio has increased from 5.02:1 to 11.69:1 over the past five years. The auditor's minimum guideline for this ratio is 1.5:1.

The District had an Operating Income (Loss) of \$57,201. In the previous year, the District had an Operating Income (Loss) of \$536,798. The change in the Operating Income is mainly due to the 2008 change in retirement systems from a Money Purchase Pension Plan to CalPERS, which included a side fund payment of \$500,000. This was a one time payment and was not repeated in 2009.

The establishment of a finance committee was discussed by the Board and the consensus was one was not needed at this time.

The Board also discussed the fixed network meter reading system costs with the auditor and obtained his opinion on spreading the cost over several years versus paying for the project up front in one year. He suggested spreading the project over several years.

FIXED NETWORK SYSTEM METER READING AND METER REPLACEMENT: The Board considered the Notice of Exemption and Attorney Van Blarcom reviewed the findings in that document that explain the reasons why the approval of the agreement with Measurement Control Systems and the approval of the Meter Replacement Project (as described in the Notice of Exemption) are exempt from the requirements of the California Environmental Quality Act. The Board considered the proposed agreement with Measurement Control Systems and the Meter Replacement Project. General Manager Drew explained the agreement and the Project, and answered the Directors questions.

The following motion was made by Director Huckell, seconded by Director Stone and unanimously approved by the Board of Directors: Motion to (1) approve the Notice of Exemption, adopt the findings set forth therein and direct the General Manager to file the Notice as required by law; (2) approve the agreement with Measurement Control Systems, subject to any minor corrections as may be determined by Attorney Van Blarcom, and authorize the General Manager to execute the agreement; (3) approve the Meter Replacement Project as described in the Notice of Exemption and the agreement, and authorize the General Manager to complete the first phase of the Project as described in the Initial System Equipment Order (Exhibit B to the agreement).

REPORT ON SAN BERNARDINO WATER CONFERENCE, AUGUST 20, 2009: Director Stone submitted his written report from the San Bernardino Water Conference in Ontario on August 20, 2009. General Manager Drew and Director Farrell gave verbal presentations. There was general discussion about the topics presented at the conference.

ACWA REGION 8, 9, & 10 FALL EVENT AND ACWA AND ACWA/JPIA FALL CONFERENCE: The ACWA Region 8, 9, & 10 Fall Event is scheduled to be held October 8 and 9, 2009 in Lake Elsinore. The ACWA and ACWA/JPIA Fall Conferences are scheduled to be held during the week of November 30 – December 4, 2009 in San Diego. On a motion by Director Clanin and a second by Director Farrell, the Board unanimously approved the attendance of these conferences for the General Manager and any directors desiring to attend with lodging not being provided by the District at the ACWA Region Fall Event.

MANAGER'S REPORT: Manager Drew reported that the District has submitted comments on the Recirculated Draft Environmental Impact Review for the Royal Rangers project. Attorney Van Blarcom commented that the District is not involved in the politics of this project. We are simply responding to the ability to serve water.

DIRECTORS' REPORT: Director McGehee has a conflict with the November Board Meeting date. This will be added to the October agenda for discussion at that time.

As there was no further business, the meeting was adjourned at 5:25 pm. The next meeting is scheduled for Tuesday, October 20, 2009 at 3:00 pm.