

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

**SEPTEMBER 21, 2004**

President McGehee called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 PM, on Tuesday, September 21, 2004, 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 and Charles Spinks. Staff members present were Manager/Secretary Norman L. Hunt, Attorney Ronald Van Blarcom, Engineer Fred Hanson, Auditor Jay Zercher, Field Supervisor Don Wagner and Office Manager Karl Drew.

MINUTES OF PREVIOUS MEETING: On a motion by Director Clanin and a second by Director Spinks, the minutes for the Regular Meeting of August 24, 2004 were unanimously approved as corrected.

PUBLIC COMMENTS: None.

PRESENTATION OF AUDIT REPORT FOR FISCAL YEAR 2003-04: The District's Auditor, Jay Zercher, of Rogers, Anderson, Malody and Scott, LLP, Certified Public Accounts, presented the audit report for the fiscal year ending April 30, 2004. 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 financial statements with the Board.

The District is in a good financial condition with a ratio of current assets to current liabilities of 4.30:1 as compared to 3.51:1 for last year. The auditor's guideline for this ratio is 1.5:1. The District's long-term debt is 15.13% of the net utility plant.

The District again experienced an Operating Loss. The Operating Loss was \$42,392. The Operating Loss for the previous year was \$175,653. The District had an Income Before Contributions of \$217,099. The water revenues reported in audit report are based on the rates adopted in 1993. The District has increased its water rates effective July 2004.

The District's Cash and Cash Equivalents at End of Year increased by \$311,813 while the amount spent on the purchase of Utility Plant decreased by \$353,978.

REMOVAL OF THE STEWART RANCH WATER STORAGE TANK: Manager Hunt reported that Mike Murphy Salvage has begun work on removing the Stewart Ranch Storage Tank. The entire tank, except for the floor, has been dismantled and cut into pieces. The tank floor has a fiberglass coating on it and will require additional processing. The contractor's crew is currently finishing another job and will return to complete the removal of the tank floor.

Manager Hunt is proceeding with obtaining an informal appraisal of the tank lot. He expects the appraisal to be in the range of \$10,000 to \$15,000.

PINECREST WATER STORAGE EXPANSION PROJECT: Manager Hunt reported that the Initial Study and Mitigated Negative Declaration have been completed and mailed to the state clearinghouse and other interested parties for comments. The public hearing for this project is scheduled for the October 19, 2004 Board meeting. There was general discussion regarding the Initial Study and Mitigated Negative Declaration.

MAINLINE REPLACEMENT PROJECTS, AROSA DRIVE: Manager Hunt reported that he has written a letter to the County asking them to participate in the full width paving of Arosa Drive in the project area. If the County does not participate, then the District will only pave the half of the road it is required to pave.

MAIN STREAM TOWERS, LLC: Manager Hunt discussed with the Board a proposal from Main Stream Towers, LLC to rent a portion of the Beacon I Water Storage Site on which they would install a cellular tower. The Great View Landowners Association has been made aware of this proposal. The road that accesses the Beacon Tank site passes through the Great View Tract and across property owned by Hardy Krueger.

Manager Hunt believes that a cell tower in this general location would provide a benefit to the residents of the Crestline area and would provide a revenue stream for the District. He realizes that there are other issues that may prevent the District from being able to enter into an agreement with Main Stream Towers. These include the access issues, as well as the District's plans for improving the Beacon I Water Storage Tank.

There was general discussion regarding the proposal and the proposed rental agreement. The Board expressed an interest in learning more information about the proposal and directed Manager Hunt to research it further.

REQUEST FOR WATER BILL ADJUSTMENT, SONJA AND DANIEL MORENO, 25012 FAULHORN DRIVE, ACCOUNT NO. 77-0471-00: Office Manager Drew reviewed with the Board a request for an additional water bill adjustment made by Lou Weider on behalf of Sonja and Daniel Moreno. Mr. Weider apparently resides at the property located at 25012 Faulhorn Drive and is acting on behalf for the property owners.

There was a water leak at the property sometime between June 16 and July 16 which resulted in a water bill of \$355.88. The leak was in the on-site water service line between the meter and house. Manager Hunt agreed to adjust the bill by 10%, which was an adjustment of \$35.59. Mr. Weider is asking for the Board to approve an additional adjustment.

Office Manager Drew reminded the Board that the District's Administrative Code, Section 3.1.5.5, states that it is the property owners' responsibility to install and maintain all pipes and fixtures beyond the water meter.

After some discussion, on a motion by Director Huckell and a second by Director Clanin, the Board unanimously ratified the 10% adjustment authorized by Manager Hunt and denied the request for an additional adjustment.

REQUEST FOR BOARD TO CONSIDER CHANGING TIME OF BOARD MEETINGS:

Manager Hunt reviewed a request that was received from one of the District's customers, Dann Vail, for the Board to consider changing the time of the monthly Board meetings. Mr. Vail suggested that the meetings be held after 5:00 pm so that the general public could attend the meetings without having to take time off from work.

The Board changed the time of the meetings from 7:00 pm to 3:00 pm in January 1996. There has been no significant change in the public attendance of the meetings since the change was made. This is also the first request received to have the meeting time changed back to an evening meeting. After discussion, the Board took no action on this request.

RESOLUTION NO. 339, IN RECOGNITION OF WILLIAM J. VALKO AS BOARD

MEMBER: The Board reviewed a resolution that recognizes the services of William J. Valko to the District while he served as a Board member from December 1, 1995 to August 24, 2004. On a motion by Director Clanin and a second by Director Spinks, the Board adopted Resolution No. 339 on the following roll call vote:

AYES: Directors McGehee, Huckell, Clanin and Spinks

NOES: None

ABSENT: None

ABSTAINED: None

VACANCY ON BOARD OF DIRECTORS: Manager Hunt reported that the "Notice of Vacancy" had been posted and the District had received responses from two individuals that were interested in filling the vacancy. The two individuals that expressed interest were Dr. James E. Gonzales, DPA and Darel V. Davis. The Board reviewed and discussed the letters and resumes received from the applicants. Director Huckell expressed an interest in interviewing the applicants. President McGehee felt the Board had enough information to proceed without conducting interviews.

On a motion by Director Huckell and a second by Director Clanin, the Board approved Board interviews with the applicants before a new Board member is selected. Directors Huckell, Clanin and Spinks voted for the motion and President McGehee voted against it.

MANAGER'S REPORT: There was a brief discussion regarding the monthly Financial, Investment and Water Production reports.

DIRECTORS' REPORT: None.

As there was no further business, the meeting was adjourned at 5:27 PM. The next Regular Meeting is scheduled for Tuesday, October 19, 2004 at 3:00 PM.