

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

AUGUST 23, 2005

President McGehee called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 PM, on Tuesday, August 23, 2005, 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 Manager/Secretary Norman L. Hunt, Attorney Ronald Van Blarcom, Engineer Fred Hanson and Office Manager Karl Drew. Absent was Field Supervisor Donald Wagner

Also present was Steven Farrell.

MINUTES OF PREVIOUS MEETINGS: On a motion by Director Clanin and a second by Director Stone, the minutes of the Regular Meeting of July 19, 2005 were approved as corrected.

PUBLIC COMMENTS: None.

PINECREST WATER STORAGE EXPANSION PROJECT, PHASE I & II, PROGRESS REPORT: Manager Hunt reported that the contract for the first 1 MG tank and the change order for the second 1 MG tank are being finalized with the contractor. Work on the tanks should begin within the next month.

CHILLON TANK SITE SLOPE REPAIR: Manager Hunt reported that he has received an easement from one of owners of the three adjacent properties at the Chillon Tank site. He is in the process of following up with the other two property owners. The District is in the process of obtaining easements from these three properties owners to properly repair and maintain the slope above the Chillon Tank and to prevent further erosion of the adjacent properties.

RESOLUTION NO. 345, ELECTION OF SEVEN DIRECTORS TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS: The Board reviewed the eleven candidates and candidates' statements for the people who were running for the seven board positions. This election is the result of the merger of the Special District Risk Management Authority (SDRMA) and the Special District Workers Compensation Authority. The four Directors that receive the most votes will have an initial term of office of four years and the remaining three Directors will have an initial term of two years. There will then be elections every two years.

After considerable discussion regarding the candidates and the District's participation in SDRMA, on a motion by Director Stone and a second by Director Huckell, the Board adopted Resolution No. 345, casting the District's vote for Thomas Lewis, Gregory Hall, Harold Gano, John Yeakley, Alan Dyer, Antonio Sedano and William Miller on the following roll call vote:

AYES: Directors McGehee, Huckell, Clanin, Spinks and Stone
NOES: None
ABSENT: None
ABSTAINED: None

PRESENTATION OF AUDIT REPORT FOR FISCAL YEAR 2004-05: 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, 2005. 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 5.02:1 as compared to 4.30:1 for last year. The auditor's guideline for this ratio is 1.5:1.

The District had an Operating Income of \$179,428. In the previous year, the District had an Operating Loss of \$42,392. The change in the Operating Income is a result of the water rate increase that was effective July 2004. Due to the state's financial situation, the District's Tax Revenues decreased \$135,548 from the prior year. This decrease is to be in affect for one more year and then the tax revenues are supposed to return to previous levels.

The District's Cash and Cash Equivalents at End of Year increased by \$494,488 and now total \$1,717,854. This amount is a good foundation for funding the District's capital improvement plans as specified on page 5 of the audit report.

On a motion by Director Huckell and a second by Director Spinks, the Board unanimously accepted the audit report for fiscal year 2004-05 as presented.

RESOLUTION NO. 346, AUTHORIZING BANK ACCOUNTS AT VINEYARD BANK: Office Manager Drew reviewed the proposed resolution with the Board. With the resignation of Director Gonzales and the addition of Director Stone, the District needs to update the bank signature cards for the two checking accounts at Vineyard National Bank. The seven authorized signers for the accounts are Board Members C. N. "Bud" McGehee, William Huckell, Alan Clanin, Charles Spinks and Kenneth Stone, Secretary/General Manager Norman Hunt, and Office Manager Karl Drew.

Two authorized signatures are required for withdrawal of funds from the checking accounts. One authorized signature is required to make transfers between any District accounts at Vineyard Bank and to make wire transfers to the District's account with the Local Agency Investment Fund in Sacramento.

On a motion by Director Spinks and a second by Director Clanin, the Board adopted Resolution No. 346, authorizing the accounts with Vineyard Bank, on the following roll call vote:

AYES: Directors McGehee, Huckell, Clanin, Spinks and Stone
NOES: None

ABSENT: None
ABSTAINED: None

FIRE HYDRANT METER FEE POLICY: Manager Hunt reported that he did not have any further information on this item at this time. Staff will prepare additional information to be presented at the next meeting.

REVIEW OF HEALTH BENEFITS PROGRAM: Manager Hunt and Office Manager Drew briefly discussed with the Board concerns expressed by some board members and staff regarding the long term financial aspects of the current health benefits program for retirees and surviving spouses. Staff is currently gathering information regarding cost projections and will have further information at future meetings.

MANAGER'S REPORT: Office Manager Drew reported that five candidates have filed election papers for the three full term Board member positions that will be on the ballot in the November 8, 2005 general election. Only Director Stone filed papers for the short term position. There will be an election for the three positions that are currently held by Directors McGehee, Clanin and Spinks. There will not be an election for the short term position held by Director Stone.

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 4:16 pm. The next Regular Meeting is scheduled for Tuesday, September 20, 2005 at 3:00 pm.