

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

AUGUST 21, 2007

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 21, 2007, at the regular meeting place of said Board at its office in Crestline, California.

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

Staff members present were Manager/Secretary Norman L. Hunt, Engineer Fred Hanson, Field Supervisor Donald Wagner and Office Manager Karl Drew. Absent was Attorney Ronald Van Blarcom.

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 17, 2007 were unanimously approved as presented.

On a motion by Director Stone and a second by Director Clanin, the minutes of the Special Meeting of July 31, 2007 were unanimously approved as presented.

PUBLIC COMMENTS: None.

EXECUTIVE SESSION - PUBLIC EMPLOYEE APPOINTMENT: GENERAL MANAGER,
Pursuant to Government Code Section 54957: The Board did not enter into closed session to discuss this matter.

PRESENTATION OF AUDIT REPORT FOR FISCAL YEAR 2006-07: The District's Auditor, Jay Zercher, of Rogers, Anderson, Malody and Scott, LLP, Certified Public Accountants, presented the audit report for the fiscal year ending April 30, 2007. 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 8.79:1 as compared to 7.96:1 for last year. This ratio has increased from 3.51:1 to 8.79:1 over the past five years. The auditor's minimum guideline for this ratio is 1.5:1.

The District had an Operating Income of \$442,548. In the previous year, the District had an Operating Income of \$515,233. The change in the Operating Income is mainly due to purchasing more supplemental water during the year.

On a motion by Director Stone and a second by Director Clanin, the Board unanimously accepted the audit report for fiscal year 2006-07 as presented.

PUBLIC EMPLOYEE APPOINTMENT: GENERAL MANAGER: Manager Hunt reported that at the Special meeting held earlier in the day, the Board of Directors had appointed Karl Drew as General Manager effective October 8, 2007.

SALE OF SURPLUS PROPERTY: The Board reviewed a memo from Manager Hunt which listed the high bids received on four of the eight properties that had been advertised for sale. Following is a summary of the high bids received:

<u>Description</u>	<u>APN</u>	<u>High Bidder</u>	<u>Bid</u>
Mormon Springs Road	0338-061-14	Jamie Pallow	\$36,010
Springy Path	0338-102-28	John Shumate	27,000
Lot 936, Toll House Path	0338-221-20	John and Cheryl Heesen	5,100
Lot 937, Toll House Path	0338-221-21	Milhelm Kassouf	5,100

On a motion by Director Spinks and a second by Director Stone, the Board unanimously approved the sale of these properties to the high bidders and authorized the General Manager or Secretary of the Board of Directors to sign the appropriate documents on behalf of the District to complete the sale of these properties.

PINECREST WATER STORAGE EXPANSION PROJECT: Manager Hunt reported that the contractor, Superior Tank, had completed the installation of the curb, gutter and class II base around the tanks. As the District had requested that the installation of these items be delayed until the completion of actual tank construction, the District will be receiving a change order for the increase in material costs from last year to this year. Manager Hunt documented the costs from last year for comparison purposes. The District will begin the paving of the site within the next month.

CHAMOIS VERTICAL WELL: Manager Hunt reported that the State and County have accepted the repairs made to the Chamois Vertical Well. Testing and flushing of the well is in progress. The District should receive approval from the State to put the well back online when the testing is completed. The District is asking for a warranty on the repairs from the contractor before final payment is authorized.

SAN BERNARDINO COUNTY WATER CONFERENCE: Director McGehee, Manager Hunt and Office Manager Drew made verbal reports on the conference to the Board. The speakers at the conference discussed the water history in San Bernardino County and the challenges for future water supplies. The current situation in the Delta area with the Delta Smelt may impact the ability of the State Water Project to deliver water to Southern California and could have a direct impact on the County's water supply in the next few years.

HYBRID POWERED SERVICE VEHICLE: Manager Hunt discussed with the Board a memo comparing the purchase and fuel costs of owning and operating various types of vehicles. The cost per mile comparison for the vehicles at 50,000 miles is as follows:

Ford F150 4X4	\$0.97
Toyota Highlander Hybrid AWD	0.82
Honda Element AWD	0.64
Ford Escape Hybrid AWD	0.65

As mileage and the cost of fuel increases, the cost per mile for the Ford Escape Hybrid becomes less than the Honda Element.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY, 2007 BOARD OF DIRECTORS ELECTION: The Board reviewed and discussed a package received from the Special District Risk Management Authority regarding the candidates for the 2007 Board of Directors Election. As the Board did not have any personal information regarding the candidates, no action was taken on this item.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION, 2007 BOARD OF DIRECTORS ELECTION: The Board reviewed and discussed a package received from the California Special Districts Association regarding the candidates for the 2007 Board of Directors Election. As the Board did not have any personal information regarding the candidates, no action was taken on this item.

MANAGER'S REPORT:

2007 BOARD OF DIRECTORS ELECTION: Manager Hunt reported that only the incumbents, Directors Huckell and Stone, had filed candidacy papers for the upcoming election in November. As a result, there will not be an election.

PLANNED IMPROVEMENTS: Manager Hunt briefly discussed some additional improvements and upgrades that need to be completed in the next few years. There are some additional main lines that need to be installed to improve water circulation and fire flow in various areas. Also, some of the older heavy equipment, such as the water truck and the old dump truck, are at a point where they should be replaced.

There was a brief discussion regarding the monthly financial, investment and production reports. The Board authorized a budget adjustment to reflect the large one-time payment of \$500,000 to CalPERS. This payment was authorized by the Board of Directors in January 2007.

DIRECTORS' REPORT: None.

As there was no further business, the meeting was adjourned at 4:34 pm. The next meeting is scheduled for Tuesday, September 18, 2007 at 3:00 pm.