

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

AUGUST 19, 2014

CALL TO ORDER AND FLAG SALUTE: President Davis called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 pm, on Tuesday, August 19, 2014, at the regular meeting place of said Board at its office in Crestline, California.

ROLL CALL: Present were President Darel Davis, Directors Alan Clanin, Steven Farrell, Kenneth Stone and Connie Bracher.

Staff members present were General Manager Karl B. Drew, Engineer Wally Franz, Attorney Ronald Van Blarcom, Field Supervisor Chris Heryford and Office Manager Larrie Davis.

Also present was District Auditor Scott Manno, of Rogers, Anderson, Malody & Scott.

MINUTES OF PREVIOUS MEETING: On a motion by Director Clanin and a second by Director Stone, the minutes of the Regular Meeting of July 15, 2014 were unanimously approved as written.

MINUTES OF PREVIOUS MEETING: On a motion by Director Stone and a second by Director Clanin, the minutes of the Special Meeting of July 24, 2014 were unanimously approved as written.

CASH DISBURSEMENTS: The Board reviewed the cash disbursements for the month of August 2014. On a motion by Director Stone and a second by Director Farrell the cash disbursements for August 2014 were unanimously approved.

PUBLIC COMMENTS: None.

PRESENTATION OF ANNUAL AUDIT REPORT FOR FISCAL YEAR 2013-14: The District's Auditor Scott Manno, of Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, presented the audit report for the fiscal year ending April 30, 2014. The audit report includes an opinion that the financial statements present fairly, in all material respects, the financial position and cash flows of the District. Mr. Manno explained the purpose of the annual audit and the role of the auditor with both the Board and the District staff.

Currently the District has no debt other than current payables, is operating on a pay as you go basis and has a positive cash flow. Mr. Manno reviewed and discussed the various financial statements, schedules and notes in the audit report with the Board.

The ratio of current assets to current liabilities is 23.8:1 as compared to 27.1:1 for last year. This ratio has increased from 11.7:1 to 23.8:1 over the past five years. The increase is due to the early retirement of the 2004 Water Agreement debt and the

CVCWD Water Facilities Corporation Leasehold Mortgage Bonds of 1979 debt. The auditor's minimum guideline for this ratio is 1.5:1. The District had an Operating Income (Loss) of \$162,953. In the previous year, the District had an Operating Income (Loss) of \$307,912. Loss of revenue due to decreased consumption (3.25%) and the equalization of rates between the Crestline Village and Lake Gregory divisions were the main reasons for the change in operating income.

On a motion by Director Stone and a second by Director Farrell, the Board unanimously accepted the 2013-14 Annual Audit Report as presented.

PUBLIC HEARING: Attorney Van Blarcom reviewed with the Board the Order of Procedure for the Public Hearing and the Adoption of Ordinance No. 35, Amending the District's Water Conservation Program and Amending Section 3.3 of the Administrative Code.

President Davis opened the public hearing at 3:40 PM. Secretary Drew reported that notice of the public hearing had been given in the form and manner required by law. Attorney Van Blarcom reviewed the following documents with the Board:

- Ordinance No. 35
- Section 3.3 of the Administrative Code

Eight changes to the proposed documents were entered by Attorney Van Blarcom.

President Davis then opened the meeting for any comments from the public. There were no members of the public present and no comments were received. The public hearing was closed at 3:50 PM.

ADOPT ORDINANCE NO. 35, MODIFYING THE WATER CONSERVATION PROGRAM: On a motion by Director Stone and a second by Director Farrell Ordinance No. 35 modifying the District's Water Conservation Program and amending Section 3.3 of the Administrative Code, as corrected, were unanimously approved on the following roll call vote:

AYES: Directors Davis, Clanin, Stone, Farrell and Bracher.
NOES: None
ABSENT: None
ABSTAINED: None

ADOPT RESOLUTION NO. 414, CHANGING THE EXISTING PHASE OF THE WATER CONSERVATION PROGRAM: On a motion by Director Stone and a second by Director Clanin the Board unanimously adopted Resolution No. 414 changing the existing water conservation phase from Phase 1 to Phase 1.a. effective September 1, 2014 on the following roll call vote:

AYES: Directors Davis, Clanin, Stone, Farrell and Bracher.
NOES: None
ABSENT: None

ABSTAINED: None

ADOPT RESOLUTION NO. 415, CALIFORNIA BANK & TRUST SIGNATURE CARDS:

General Manager Drew reviewed the proposed resolution with the Board. With the addition and removal of one Board Member the District needs to update the bank signature cards for the two checking accounts at California Bank & Trust. The seven authorized signers for the accounts are Board Members Darel Davis, Alan Clanin, Kenneth Stone, Steven Farrell and Connie Bracher, Secretary/General Manager Karl Drew, and Office Manager Larrie Ann Davis.

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 California Bank & Trust and to make wire transfers to the District's account with the Local Agency Investment Fund in Sacramento.

On a motion by Director Stone and a second by Director Bracher, the Board adopted Resolution No. 415, authorizing the accounts with California Bank & Trust, on the following roll call vote:

AYES: Directors Davis, Clanin, Stone, Farrell and Bracher.
NOES: None
ABSENT: None
ABSTAINED: None

ADOPT RESOLUTION NO. 416, ARROWHEAD CREDIT UNION SIGNATURE

CARDS: General Manager Drew reviewed the proposed resolution with the Board. With the addition and removal of one Board Member the District needs to update the financial institution signature cards for the two accounts at Arrowhead Credit Union. The seven authorized signers for the accounts are Board Members Darel Davis, Alan Clanin, Kenneth Stone, Steven Farrell and Connie Bracher, Secretary/General Manager Karl Drew, and Office Manager Larrie Ann Davis.

Two authorized signatures are required for withdrawal of funds from the accounts. One authorized signature is required to make transfers between any District accounts at Arrowhead Credit Union.

On a motion by Director Bracher and a second by Director Clanin, the Board adopted Resolution No. 416, authorizing the accounts with Arrowhead Credit Union, on the following roll call vote:

AYES: Directors Davis, Clanin, Stone, Farrell and Bracher.
NOES: None
ABSENT: None
ABSTAINED: None

ADOPT RESOLUTION NO. 417, LOCAL AGENCY INVESTMENT FUND (LAIF),

AUTHORIZED SIGNERS: General Manager Drew reviewed the proposed resolution with the Board. With the removal of Board Member Huckell, the District needs to

authorize Director Davis as a signer. The three authorized signers are Board President Davis, Secretary/General Manager Karl Drew and Office Manager Larrie Ann Davis.

One authorized signature is required for transfer of funds between LAIF and California Bank & Trust.

On a motion by Director Clanin and a second by Director Bracher, the Board adopted Resolution No. 417, authorizing the signatures with LAIF, on the following roll call vote:

AYES: Directors Davis, Clanin, Stone, Farrell and Bracher.
NOES: None
ABSENT: None
ABSTAINED: None

REPORT ON ZURICH TANK PROJECT: Engineer Franz updated the Board on the Zurich Tank Project. The ring wall has been poured and the District is now waiting 28 days to see if the full compressive strength is reached. The concrete was tested on day three and day seven and did not seem to be gaining strength to the degree it should. The contractor has been placed on notice.

Speiss Construction is currently one week behind schedule.

REPORT ON VALLE WELL: Engineer Franz reported that during the biological survey no species of concern were found at the proposed Valley Well site.

Attorney Van Blarcom reviewed the California Environmental Quality Act (CEQA) requirements and recommended applying for a Notice of Exemption based on the biological survey. On a motion by Director Farrell and a second by Director Stone, the board unanimously approved applying for a Notice of Exemption for the Valle Well Project.

ACWA AND ACWA/JPIA FALL CONFERENCE: The ACWA and ACWA/JPIA Fall Conferences are scheduled to be held during the week of December 1, 2014 in San Diego, California. On a motion by Director Farrell and a second by Director Clanin, the Board unanimously approved the attendance of these conferences for the General Manager and any Directors desiring to attend. Directors Davis and Farrell will be attending the conferences.

MANAGER'S REPORT: Manager Drew reported the first water consumption report had been provided to the State Water Resources Control Board. This is a required monthly report due on the 15th of each month. Director Farrell requested this report be included in the monthly agenda package.

DIRECTORS' REPORT: Director Farrell reported Lake Arrowhead Community Service District (LACSD) water supply remains critical. LACSD has been looking into several options including discussion with Cadiz and re-annexation back into Crestline-Lake Arrowhead Water Agency.

Director Farrell notified the Board that Septembers Special District Association meeting will be held in Lake Arrowhead.

Director Stone will not be able to attend the scheduled October 21, 2014 and requested the Board consider rescheduling the October Meeting. This item will be placed on the September 2014 Agenda.

Director Stone directed Staff to continue researching CalPERS Employee contributions. Director Stone wants to ensure this item is brought back to the Board in a timely manner.

As there was no further business to discuss, the meeting was adjourned at 4:46 pm. The next meeting is scheduled for Tuesday, September 16, 2014 at 3:00 pm.