

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

AUGUST 20, 2013

CALL TO ORDER AND FLAG SALUTE: President Farrell called the Regular Meeting of the Board of Directors of Crestline Village Water District to order at 3:00 pm, on Tuesday, August 20, 2013, at the regular meeting place of said Board at its office in Crestline, California.

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

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

Also present was Daniel S. Malmuth.

MINUTES OF PREVIOUS MEETING: On a motion by Director Davis and a second by Director Stone, the minutes of the Regular Meeting of July 9, 2013 were unanimously approved as written.

CASH DISBURSEMENTS: The Board reviewed the cash disbursements for the month of July 2013. On a motion by Director Stone and a second by Director Davis the cash disbursements for July 2013 were unanimously approved.

PUBLIC COMMENTS: Daniel S. Malmuth requested the Board consider annexing Cedarpines Park Mutual Water Company and forming a community service district. There was discussion with Mr. Malmuth, but no action was taken as this was not an agenda item. Manager Drew agreed to meet privately with Mr. Malmuth to discuss options and report to the Board at the September 17, 2013 Board Meeting.

PRESENTATION OF THE ANNUAL AUDIT REPORT FOR FISCAL YEAR 2012-2013: 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, 2013. The audit report includes an unmodified opinion from the auditor stating that the financial statements fairly present the financial position 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 debts 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 27.0:1 as compared to 22.0:1 for last year. This ratio has increased from 9.19:1 to 22.0:1 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 \$307,912. In the previous year, the District had an Operating Income (Loss) of \$301,852. Loss of revenue and an increase in outside services was the main reason for the change in operating income.

On a motion by Director Davis and a second by Director Clanin the Board unanimously accepted the 2012-13 Annual Audit Report as presented.

REPORT ON ZURICH TANK SITE: Engineer Franz presented the Preliminary Design Letter Report to the Board. Three alternatives were presented to meet the water storage requirements at the Zurich Tank site. After discussion the Board determined alternative 2 which consists of constructing a new .020 MG tank, demolishing the existing Zurich Reservoir and constructing a new replacement 0.20 MG tank would be best for the District's future. .

REVIEW REVISIONS TO THE DISTRICT PERSONNEL MANUAL: Manager Drew presented the Board with a draft of the District's updated Personnel Manual. Items previously approved by the Board, legal requirements and some new items were incorporated into the draft. Manager Drew would like comments submitted to him by September 6, 2013. Manager Drew intends to have final revisions to the draft document prior to the September 17th board meeting.

CONSIDER SALE OF SURPLUS EQUIPMENT, 5 VEHICLES: With the receipt of the two new Ford F150's and the new Ford Explorer it is time to declare the five vehicles they will be replacing surplus. Manager Drew requested the Board to declare this equipment surplus District property so they can be sold.

On a motion by Director Stone and a second by Director Davis, The Board unanimously declared the 1990 Ford F450 Flatbed, the 1995 Ford F250, the 2001 F150, the 2008 Escape Hybrid and the 2003 Explorer as surplus district property and authorized the staff to proceed with the sale of the vehicles.

CONSIDER NOMINATIONS FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) POSITION OF PRESIDENT AND VICE-PRESIDENT: No action was taken.

CONSIDER ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) COMMITTEE APPOINTMENT NOMINATIONS: No action was taken.

CONSIDER ATTENDANCE AT ACWA AND ACWA/JPIA CONFERENCE, DECEMBER 2-6, 2013, LOS ANGELES, CA: The ACWA/JPIA Fall Conference is scheduled to be held the week of December 2, 2013 in Los Angeles, California. Director Davis and Director Farrell expressed an interest in attending. On a motion by Director Clanin and a second by Director Huckell, the Board unanimously approved the attendance of this conference for the General Manager and any directors wishing to attend.

CONSIDER ATTENDANCE AT SAN BERNARDINO COUNTY WATER

CONFERENCE, AUGUST 23, 2013, ONTARIO, CA: The annual San Bernardino Water Conference is scheduled for August 23, 2013 in Ontario, CA. On a motion by Director Davis and a second by Director Clanin the Board approved by a vote of 4-0-1 the attendance of this conference for the General Manager and any directors wishing to attend. Director Stone abstained.

MANAGER' REPORT: Manager Drew reported that the transducer on the Brookside tank took a hit during the recent lightening storms.

Manager Drew has been assured that the installation of a cell tower at the Brookside tank site will not interfere with the District's meter reading system.

DIRECTORS' REPORTS: Director Clanin attended a California Water Environmental Conference in Big Bear. Even though the conference was geared toward waste water he suggested we consider sending some of our field personnel next year.

Director Davis asked about the Lakeview Easement main progress.

As there was no further business to discuss, the meeting was adjourned at 4:43 pm.

The next meeting is scheduled for Tuesday, September 17, 2013 at 3:00 pm.