

BLUE LAKE SPRINGS MUTUAL WATER COMPANY
Minutes of the 12th Interim Meeting
Blue Lake Springs, Arnold, California
Saturday, May 10, 2008, 9:00 AM

- 010** **CALL TO ORDER:** At 8:58 a.m. President Speakman called the meeting to order. Directors present were Maginnis, Multhaup, Owen, Speakman, Watson and Wood. Director Carlsen was absent. In addition, General Manager Maynard (Mike) Herreid and Recording Secretary Jeri Cline were present.
- 020** **AGENDA APPROVAL:** Director Maginnis moved to approve the agenda; seconded by Director Watson, and the vote was unanimous.
- 030** **APPROVAL OF MINUTES:**
- 031 The 11th Interim Meeting Minutes of April 12, 2008: Director Maginnis moved to approve the April Interim Meeting Minutes; seconded by Director Owen, and the vote was unanimous.
- 040** **VISITOR'S RECOGNITION:** The board recognized Burt Kent, Lot 121 Unit 8. He asked how long the old system, being replaced by the *Stephanie Drive/Patricia Lane Project*, would remain active. General Manager Herreid answered, saying the old line would not be deactivated until October 2009.
- 050** **FINANCIAL REPORTS:**
- 051 April 2008 Balance Sheet & Income Statement: On the April 2008 Income report, our total income year to date for 2008 is \$1,264,619 and our annual budget is at \$1,264,619. Non-operating income for the year is \$36,841. Total expenses year to date are \$682,885 with our annual budget at \$1,192,220. President Speakman asked for the Financial Reports to be distributed a week before the board meeting.
- 052 Bills for April 2008: The bills of note for April include \$1,135.86 payable to CCWD for water purchased in April, and \$979.60 payable to CCWD for CPPA power reimbursement during the period 4/6-5/5/08. In addition, April Worker's Comp Insurance was \$928.34. Director Wood moved to approve April bills in the amount of \$12,151.60; seconded by Director Owen, and the vote was unanimous.
- 060** **MANAGER'S REPORT:**
- 061 Water Consumption/Losses/New Connections/White Pines Wells Production: In April, General Manager Herreid reported 3,406,000 gallons of water produced and 794,000 gallons purchased from CCWD. Daily Average Produced in April was 113,000 gallons. Wells Draw Down average was 102 feet of water above the pump in April. The last page compares the last twelve years by month for Total Usage, which was 3,978,000 gallons in April. We had no new connections in April, for a total of 1 connection year to date. There are now 1,695 homes connected. Average usage per home in April was 2,333 gallons with 24,000 gallons lost. Half of the system remains on CCWD. General Manager Herreid also reported on the California Rural Water Association Expo he attended in Lake Tahoe.
- 070** **OPERATIONS/LONG RANGE PLANNING:**
- 071 Systematic Replacement and/or Improvements:
A. *Stephanie Drive/Patricia Lane Project:* General Manager Herreid reported that the Performance

and Payment Bond have been recorded, the permit signed, and the "Notice to Proceed" letter sent to Jack Watkins of Twain Harte Construction. He also reported that the total cost of the project will be close to \$173,000 over the original estimate, because some of the materials to be used on the project are petroleum based and have doubled in price. He expects the project to commence in June and reach completion in October.

072 Long Range Planning:

A. *CCWD Amendment to Agreement of September 10, 1992:* Nothing to report.

073 *Mapping:* General Manager Herreid reported on his intent to display at the annual meeting, a colored map of the system with before and after pictures of the tanks. He also intends to bring samples of the PVC pipe used in the new project, as well as some of the old 2 inch pipe being replaced. Director Wood suggested that a field trip to the tanks and treatment plant, which could take place after the Annual Meeting lunch, be offered at the annual meeting to interested shareholders.

080 COMMITTEES:

081 Budget & Rates Committee: Nothing to report.

082 Salary & Benefits Committee: Nothing to report.

083 Personnel Policy Committee: Nothing to report.

084 Projects Committee: Nothing to report.

090 PUBLIC RELATIONS:

091

Lodge Log Article: Due June 1. President Speakman asked if the Lodge Log Article could be delayed until after the annual meeting, allowing him time to summarize the meeting in his comments. Office Manager/Recording Secretary Jeri Cline will ask for additional time.

110 UNFINISHED BUSINESS:

111 Quarterly Meetings with CCWD: President Speakman reported he had scheduled a meeting with CCWD for Friday, June 13. He also reported speaking with Dave Andres of CCWD, who promised to review past BLSMWC water purchases and the rates charged BLSMWC by CCWD.

112 New Hire: General Manager Herreid reported he'd scheduled further interviews. Director Wood presented a proposal from Lori Kalika, PR Consultant, for an additional block of time and \$200 per month retainer (\$400 a month in total, until expiration of original contract). After discussion, Director Wood moved to approve the proposal; seconded by Director Multhaup and the vote was unanimous.

113 Certificates of Deposit: Director Wood confirmed that in order to insure FDIC protection, reserve funds will need to be deposited in multiple banks; he also reported that the best rates available are for amounts over \$100,000. Following discussion, Director Maginnis moved to give the Treasurer latitude to invest up to \$404,000 and move the items, as time allows, for the purpose of investment; seconded by Director Multhaup and the vote was unanimous. Director Wood asked that the signatories be limited to him as Treasurer, General Manager Herreid, and Director Watson, the Assistant Treasurer, and that any transaction require 2 signatures.

114 Annual Meeting: Director Wood reviewed his annual meeting presentation for the board. He will use a power point presentation and will discuss the HDR reserve study, water infra structure, and market

value of the homes and lots in BLS compared to the replacement cost of our infra structure; he will also include an explanation for the major rate increase. While people are being seated, he suggested running the DVD shown at last year's annual meeting.

120 NEW BUSINESS:

121 Correspondence: A letter was read from a shareholder requesting waiver of a lost discount, explaining the check was lost in the mail. Office Manager/Recording Secretary Jeri Cline was instructed to inform the shareholder that, if a copy of the stop payment order can be provided, the lost discount will be waived.

130 ADJOURNMENT: Director Maginnis moved to adjourn the meeting at 10:25 a.m.

Respectfully submitted, Jeri Cline, Recording Secretary
Transcribed from tapes of the meeting

APPROVED: