

**BLUE LAKE SPRINGS MUTUAL WATER COMPANY**  
**Minutes of the 5<sup>th</sup> Interim Meeting**  
**Blue Lake Springs, Arnold, California**  
**Saturday, October 11, 2008 9:00 a.m.**

- 010**      **CALL TO ORDER:** At 9:03 a.m. President Speakman called the meeting to order. Directors present were Carlsen, Multhaup, Speakman, Watson and Wood. Directors Maginnis and Owen were absent. In addition, General Manager Maynard (Mike) Herreid and Recording Secretary Jeri Cline were present.
- 020**      **AGENDA APPROVAL:** Director Carlsen moved to approve the agenda; seconded by Director Multhaup, and the vote was unanimous.
- 030**      **APPROVAL OF MINUTES:**
- 031      The 4th Interim Meeting Minutes of September 13, 2008: General Manager Herreid asked for a correction to the September Meeting Minutes indicating the time of the Quarterly Meeting with CCWD on Friday, October 10 as 10:00 a.m. Director Wood moved to approve the September 13, 2008 Interim Meeting Minutes; seconded by Director Watson, and the vote was unanimous.
- 040**      **VISITOR'S RECOGNITION:** The board recognized guest Don Stump, who will be running for a CCWD director seat in November.
- 050**      **FINANCIAL REPORTS:**
- 051      September 2008 Balance Sheet & Income Statement: On the September 2008 Income report, our total income year to date for 2008 is \$1,174,775, and our Total Annual Income Budget is at \$1,264,619. Non-operating income for the year is \$66,241. Total expenses year to date are \$920,705, with our Total Annual Expenses Budget at \$1,192,220. November Reminder/Attention letters will be mailed November 1, 2008.
- 052      Bills for September 2008: The bills of note for September include \$3,339.59 payable to California Department of Public Health for state water system fees for the period 1/1/07–6/30/08; \$1,435.64 paid to Bank of America Visa for a pump from Paco Pumps; and \$2,394.56 for diesel fuel to run the generator and Assistant Watermaster Tom Milligan's truck. Twain Harte Construction was paid \$112,569.30 out of the Expansion and Improvement Fund for the 4th progress billing of the Stephanie Drive/Patricia Lane project. In addition, September Worker's Comp Insurance was \$1,123.81. Director Wood moved to approve September bills in the amount of \$131,829.36; seconded by Director Carlsen and the vote was unanimous.
- 060**      **MANAGER'S REPORT:**
- 061      Water Consumption/Losses/New Connections/White Pines Wells Production: In September, General Manager Herreid reported 3,529,000 gallons of water produced and 3,172,000 gallons purchased from CCWD. Daily Average Produced in September was 118,000 gallons. Wells Draw Down average was 87 feet of water above the pump in September. The last page compares the last twelve years by month for Total Usage, which was 6,612,000 gallons in September. We had one new connection in September, for a total of 5 connections year to date. There are now 1,699 homes connected. Average usage per home in September was 6,612 gallons with 51,000 gallons lost; ½ the system remains on CCWD. During the last 4 years water usage has continued to decline despite an increase in the number of connections.

**070 OPERATIONS/LONG RANGE PLANNING:**071 Systematic Replacement and/or Improvements:

A. *Stephanie Drive/Patricia Lane Project:* General Manager Herreid reported the project was expected to be completed by the end of the following week. Total cost of the project is \$364,837, up from \$279,372 as projected in 2006 dollars.

072 Long Range Planning:

A. *CCWD Amendment to Agreement of September 10, 1992:* See below, Item 111, ***Unfinished Business: Quarterly Meetings with CCWD,***

B. Anticipated cash flow and the two projects planned for 2009 were discussed. Director Wood, foreseeing no predictable fiscal constraints, moved that BLSMWC proceed with two infra structure improvements for 2009; seconded by Director Carlsen, and the vote was unanimous.

**080 COMMITTEES:**

081 Budget & Rates Committee: Treasurer Wood reported on the talks that took place on September 13, 2008 at a meeting of the Budget and Rates Committee. Some of the items discussed were rate structure, rate description, interest charged on priors, and misrepresentation of usage type.

082 Salary & Benefits Committee: Nothing to report.

083 Personnel Policy Committee: Nothing to report.

084 Projects Committee: Nothing to report.

**090 PUBLIC RELATIONS:**

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Lodge Log Article: Topics suggested for the Jan/Feb Lodge Log Article due December 1, were cabin winterizing, the completion of the Stephanie Dr/Patricia Lane project, and approximate percentage of upgrades to the subdivision completed year-to-date.

**110 UNFINISHED BUSINESS:**

111 Quarterly Meetings with CCWD: A meeting which took place on October 10, 2008 in San Andreas at 10:00 a.m. between CCWD and BLSMWC was attended by Directors Carlsen, Multhaup, Watson, and Wood, as well as General Manager Herreid. At the meeting with CCWD one of the subjects discussed was repair to the Mill Pond. Treasurer Wood presented options for researching permit requirements for a Mill Pond repair, and he promised to bring a full proposal to the November board meeting.

Also discussed at the October 10 meeting was the rate charged by CCWD to BLSMWC for water purchased. Fred Burnett of CCWD will draft an MOU (Memo of Understanding) and include the water rate in that document. CCWD Insurance benefits were also discussed briefly at that meeting, and CCWD will provide more information to General Manager Herreid by mail to provide a starting point for discussion when the BLWMWC Salaries and Benefits Committee meets in November. The intent is to stay relatively equal with CCWD so that there will be no great incentive either way for employees to leave employment for a better benefit.

113 Calaveras General Plan: The meeting was not attended by anyone from BLSMWC, but General Manager Herreid was given information about the plan after the fact. There was no further discussion

- 114 Rental Homes: Treasurer Wood reported on the possibility of an increase to the Transient Occupancy Tax (TOT) in Calaveras County. He also provided figures representing the amount of the TOT collected by the City of Angels Camp and the Copperopolis area, proving the financial benefit to BLSMWC to identify all rentals and bill appropriately.
- 115 New Hire: President Speakman opened discussion regarding a second proposal received from Darwin Boblet. His first proposal as presented at the September 13 board meeting was not approved by the board. A prior candidate, Paul Baker, who had declined an offer of employment with BLSMWC earlier this year, recently has been in contact with General Manager Herreid, President Speakman, and Lori Kalika, the Human Resource Consultant under retainer to BLSMWC. Paul has strongly expressed his interest in becoming an employee of BLSMWC upon his retirement in December 2009. There was discussion regarding both candidates. Treasurer Wood suggested a counter proposal to Darwin Boblet for a period of 6 months, with an option for an additional 6 months at the end of that period. It was also suggested that Paul Baker be invited to come to November's board meeting and that BLSMWC continue to build a relationship with him.

**120 NEW BUSINESS:**

- 121 Correspondence: The board declined the request from AWWA for a \$500 Capital Campaign Utility Contribution. Recording Secretary/Recording Secretary Jeri Cline was directed to write a letter advising AWWA that a contribution was not appropriate at this time due to fiscal restraints.

Treasurer Wood asked Recording Secretary/Office Manager to respond to the e-mail correspondence received from Lot 32-13 expressing the belief that information regarding next year's budget, the scope of related infrastructure projects, and the fiscal impacts on the shareholders has not been adequately disseminated to the shareholders; also dissatisfied with regularity of the BLSMWC Minutes posted to the website. Director Wood asked Recording Secretary/Office Manager Jeri Cline to answer his comments and to continue to update the website on a timely basis.

- 122 Motherlode CD: Treasurer Wood reported the FDIC limit has been raised from \$100,000 to \$250,000. Treasurer Wood moved to allow Director Watson to negotiate a longer term with Motherlode Bank and roll the CD over; seconded by Director Carlsen and the vote was unanimous.
- 123 Other: Sequoia Woods/BLSMWC agreement. The resolution states that water will not be used for irrigation purposes. Treasurer Wood moved that General Manager Herreid update the letter to Sequoia Woods re: Resolution #94-7.1 and bring to the November board meeting for board approval. General Manager Herreid was also directed to research an illegal connection; seconded by Director Carlsen and the vote was unanimous.
- 124 Blue Shield of California: A packet from Blue Shield of California was received in the office, with a contract dated April 2008 for signature. A copy was faxed to Louise Balga of Point West Insurance and the office is waiting for a reply.

**130 ADJOURNMENT:** Director Carlsen moved to adjourn at 10:36 a.m.

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

**APPROVED:**