

**BLUE LAKE SPRINGS MUTUAL WATER COMPANY**  
**Minutes of the 6th Interim Meeting**  
**Blue Lake Springs, Arnold, California**  
**Saturday, November 10, 2007 9:00 AM**

**010**     **CALL TO ORDER:** At 9:04 a.m. President Speakman called the meeting to order. Directors present were Carlsen, Multhaup, Owen, Speakman, Watson and Wood. Director Maginnis was 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 Owen, and the vote was unanimous.

**030**     **APPROVAL OF MINUTES:**

031     The 5th Interim Meeting Minutes of October 13, 2007: Director Carlsen moved to approve the October Interim Meeting Minutes; seconded by Director Owen, and the vote was unanimous.

**040**     **VISITOR'S RECOGNITION:** The board recognized *Jim Battaglia of Black Mountain Software*, and *Kevin Kennedy from HDR Engineering*. Both were in attendance to give presentations to the board.

*Jim Battaglia* introduced himself and answered questions posed to him by the board regarding Black Mountain Software Utility Billing. The company, headquartered in Montana, has been in the business of supplying software to municipalities in the United States for 20 years, and has a customer base just under 400 customers extending from Florida to Alaska. As their sales representative, Jim Battaglia is responsible for opening up the west coast, including Nevada and Arizona. He and his wife recently became full time residents of Blue Lake Springs, where they have owned a home for eight years; he would be available to personally help in the transition. There was discussion of the proposal and conversion process. Director Wood suggested purchasing a new computer to be used for billing and accounting only. Access to the internet, e-mail, and all other programs and files would be limited to the old machine, thus minimizing the risk of infection to the accounting software by viruses and worms. It was acknowledged that limited use of the internet would be required for downloading the new software and updates as they become available. Director Wood moved to approve purchase of the Black Mountain Software Utility Billing, if Black Mountain would revise their proposal to include a not-to-exceed rate, satisfactory to the board, for annual charges up to a period of 4 years, as well as an *out* conversion cost the same as the conversion *in* cost; seconded by Director Watson, and the vote was unanimous. Director Wood further moved the company purchase a new computer to be dedicated to the billing and accounting programs; seconded by Director Owen and the vote was unanimous.

*Kevin Kennedy* of HDR reviewed deliverables of the final hydraulic model, which included an *Existing Distribution Map*, *Future Distribution Map*, and *As-Builts*. Fire flow results showed graphically in color format at maximum demand; the Future System Map included six improvement projects. Director Carlsen pointed out that the fire hydrants on the CCWD line coming down Moran Road were not shown on any of the maps, and Director Owen asked about numbering the pressure regulators. Kevin Kennedy replied that fire hydrants on the CCWD line were shown on the large map, not the hydraulic model. President Speakman asked if the large map could be displayed at the annual meeting in June of 2008. Director Wood suggested the model could be updated with numbered pressure regulators when another *as-built* is done for the next project. In closing, Kevin Kennedy said he thought the shareholders should be made aware of "what the company is doing for the system, which is fairly unique, even in the Bay Area".

**050 FINANCIAL REPORTS:**

- 051 October 2007 Balance Sheet & Income Statement: On the October Income report, our total income year to date is \$984,849, and our annual budget is at \$1,012,331. Non-operating income for the year is \$59,082. Total expenses year to date are \$806,722 with our annual budget at \$941,931.
- 052 Bills for October 2007: The bills of note for October include \$1,281 paid to Twain Harte Construction to repair leak @ Lot 201, Unit 2 and Lot 20, Unit 1; water purchased from CCWD for the period October 1 through October 31, 2007, was \$5,748.44. Also paid to Twain Harte Construction was \$58,960.80 from the Expansion and Improvement Fund. Director Wood moved to approve October bills in the amount of \$115,242.06; seconded by Director Owen and the vote was unanimous.

**060 MANAGER'S REPORT:**

- 061 Water Consumption/Losses/New Connections/White Pines Wells Production: In October, General Manager Herreid reported 2,551,000 gallons of water produced and 3,021,000 gallons purchased from CCWD. Daily Average Produced in October was 82,000 gallons. Wells Draw Down average was 119 feet of water above the pump in October. The last page compares the last twelve years by month for Total Usage, which was 4,710,000 gallons in October. We had no new connections in October, for a total of 2 connections year to date. There are now 1,693 homes. Average usage per home in October was 2,718 gallons with 108,000 estimated gallons lost. .

**070 OPERATIONS/LONG RANGE PLANNING:**

- 071 Systematic Replacement and/or Improvements:  
A. *Marti/Jerrilyn Drive Project:* Director Wood moved to approve the resolution accepting completion of the Marti/Jerrilyn Drive Project and directing Project Manager/General Manager Herreid to record the Final Notice of Completion; seconded by Director Carlsen, and the vote was unanimous. There followed discussion of notification to be sent to shareholders requiring a connection to the new main by a specified date. Director Owen moved that a deadline for abandonment of the old main be set for October 31, 2008, with all homeowners required to make their connections by that date in order to continue their supply of water; seconded by Director Carlsen, and the vote was unanimous. Further discussion was summarized by President Speakman, which will be included in the text of the letter as follows: **"We have provided you with a pressure regulator which is your responsibility to maintain and repair, or replace if necessary, to protect your property."** In the same paragraph Director Carlsen suggested another sentence saying: **"We recommend that you provide a second PRV at your house, as Blue Lake Springs Mutual Water Company is not responsible for high or low pressure as per policy attached.** The board was in unanimous agreement. Director Wood asked that the letter also include a strong suggestion for **"shareholders/contractors to notify Underground Services Alert before digging"** and recommended closing the letter with a suggestion to check the Blue Lake Springs Mutual Water Company web site for additional resources. President Speakman offered to get a legal opinion on the letter and General Manager Herreid will bring a final draft of the letter to the December 8, 2007, regularly scheduled board meeting for board review.
- 072 Long Range Planning:  
A. *CCWD Amendment to Agreement of September 10, 1992:* Discussion of follow up letter to the meeting with CCWD to be drafted by President Speakman.  
  
B. Director Owen moved to approve the *Stephanie Drive/Patricia Lane Project* as the next project, to be scheduled for 2008; seconded by Director Carlsen, and the vote was unanimous.

**080 COMMITTEES:**

- 081 Budget & Rates Committee: Director Wood moved to approve the 2008 budget; seconded by Director Carlsen, and the vote was unanimous. Director Wood moved to approve 2008 rates;

seconded by Director Owen, and the vote was unanimous.

082 Salary & Benefits Committee: Closed session.

083 Personnel Policy Committee: Nothing to report.

084 Projects Committee: Nothing to report.

**090 PUBLIC RELATIONS:**

91 Lodge Log Article: Jan/Feb article is due **Dec 1**. Topics suggested include owner PRV responsibility on new connections, new projects, completion of *Marti/Jerrilyn Drive Project*, winterizing, reminder to shut off irrigation

**110 UNFINISHED BUSINESS:**

111 Quarterly Meetings with CCWD: In his letter (see above: 072, Long Range Planning: CCWD Amendment to Agreement of September 10, 992), President Speakman will suggest further meetings with CCWD, advise them of the next Blue Lake Springs Mutual Water Company project, and remind them of the open invitation to tour our treatment plant.

112 Black Mountain Software: See above

113 New Hire: Job descriptions were distributed to the directors prior to the meeting.

114 HDR: General Manager Herreid reviewed the HDR proposal of \$1,650 for the Marti/Jerrilyn Drive Water Distribution Pipeline as-built drawings, and reported the IDSE compliance assistance should be completed by HDR, Monday night November 10, 2007.

**120 NEW BUSINESS:**

121 Correspondence: Copies of a letter received from a shareholder regarding a line break that flooded her leach field was distributed to the board prior to the start of the meeting. The board directed General Manager Herreid to make a site visit and report back to the board at the December 8, 2007, board meeting. Place on December agenda as Unfinished Business.

122 Other: General Manager Herreid reviewed miscellaneous information distributed to the board prior to the meeting.

**130 ADJOURNMENT:** Director Carlsen moved to adjourn to closed session; seconded by Director Owen and the meeting was adjourned at 11:36 a.m.

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

**APPROVED:**