

BLUE LAKE SPRINGS MUTUAL WATER COMPANY
Minutes of the 2nd Interim Meeting
Blue Lake Springs, Arnold, California
Saturday, July 11, 2009 9:00 a.m.

- 010** **CALL TO ORDER:** At 9:00 a.m. President Speakman called the meeting to order. Directors present were Carlsen, Maginnis, Multhaup, Speakman, Watson, and Wood; Director Owen was absent. In addition, General Manager Maynard (Mike) Herreid and Recording Secretary Jeri Cline were present.
- 020** **AGENDA APPROVAL:** General Manager Herreid added under C. OPERATIONS/LONG RANGE PLANNING: Item #3. Connection Fee Increase. ***Director Maginnis moved to approve the agenda, as amended; Seconded by Director Watson, and the vote was unanimous.***
- 030** **APPROVAL OF MINUTES:**
- 031 The Annual Meeting Minutes of June 6, 2009: Since shareholders need to approve the Annual Meeting Minutes, Recording Secretary Cline said the board could "accept them as to print" for print in the Lodge Log. ***Director Maginnis moved to accept as to print. Motion was seconded by Director Carlsen, and the vote was unanimous.***
- 032 Organizational Meeting Minutes of June 6, 2009: ***Motion to approve with no corrections by Director Maginnis, Seconded by Director Watson. Vote was unanimous.***
- 033 1st Interim Meeting of June 13, 2009: ***Moved to approve motioned by Director Maginnis, seconded by Director Watson, and the vote was unanimous.***
- 040** **VISITOR'S RECOGNITION:** The board recognized Don Stump, a candidate for CCWD's Board of Directors and Lori Kalika, HR Consultant to BLSMWC. Don Stump asked the Board to remind its shareholders that they can vote for him, or any candidate, in the up coming election.
- 050** **FINANCIAL REPORTS:**
- 051 June 2009 Balance Sheet & Income Statement: On the June 2009 Income report, our total income year to date for June 2009 is \$1,118,063, with our Total Annual Income Budget at \$1,238,159. Non-operating income for the year is \$2,478. Total expenses year to date are \$587,526, with our Total Annual Expenses Budget at \$1,170,039.
- 052 Bills for June 2009: The bills of note for June include payment to Arnold Chevron in the amount of \$543.26 for gas and vinegar; Canapa & Sons in the amount of \$2,075.00 for 119 gallon pressure tanks/parts plus fittings and labor; Ebbetts Pass Gas in the amount of \$1,334.21 for diesel fuel and BLSHOA in the amount of \$2,350.21 for the 1st annual mailout, 2nd mailout and the annual dinner.
- Director Wood asked General Manager Herreid about the high cost of fuel. General Manager Herreid noted that there was a problem with the gauge. Chevron has 3 people using the gas. Diesel cost is higher. Chemical toilet is at treatment plant. Blue Shield is substantial. ***Director Wood moved that we approve the bills for payment, Seconded by Maginnis. Vote was unanimous.***

060

MANAGER'S REPORT:

- 61 Water Consumption/Losses/New Connections/White Pines Wells Production: In June, General Manager Herreid reported 2,723,000 gallons of water produced and 3,340,000 gallons purchased from CCWD. Daily Average Produced in June was 91,000 gallons. Wells Draw Down average was 115 feet of water above the pump in June. The last page compares the last twelve years by month for Total Usage, which was 5,563,000 gallons in June. There are 1,699 homes connected. We had no new connections. Average usage per home in June was 3,192 gallons with 145,000 gallons lost. Half of the system is still on CCWD and overall usage is down. Water Consumption is down on total usage. Director Woods stated usage almost at a 12 year low. Don Stump replied CCWD numbers are down but not anything like BLS. General Manager Herreid said meters will help. Don Stump noted that the whole science of rate modeling is changing dramatically. CCWD is looking at completely new and different ways of how to establish rates and BLSMWD needs to start paying attention to this. Herreid said that the way to go is to reserve the charge on the meter and to charge for all water meters, allowing for a certain amount of usage.

070

OPERATIONS/LONG RANGE PLANNING:

- 071 Systematic Replacement and/or Improvements:
- A. *Stephanie Drive/Patricia Lane Project:* This item will remain on the agenda until the old main is abandoned November 1.
- B. *Greensboro Way/Del Rio Dr & Dorothy Dr.* The current one in process. Quick overview – main line is in on both of them. Now we're just doing the services. Twain Harte Construction is waiting to see if the board approves Mauna Kea to see if he hires another wheel to cut across the pavement. General Manager Herreid said everything is lined up with change orders. The project itself will be quite a bit bigger than what we have. Jack at Twain Harte Construction said he'll carry us through. The final payment will be due February 15, 2010. All of our money should be in by then. This project was cut way back from 9,000+ feet to 5,000 feet which puts us in our range of payment. It was discussed to amend the change order #1 to reflect that the remaining balance, which we consider to be interest and penalty free, will be paid no later than February 26, 2010. **Director Wood: I will make a motion that we approve the contract and change order #1, as amended. Director Watson seconded.** Speakman: Any further discussion? **The vote was unanimous.**
- Motion was made to authorize General Manager Herreid to sign the contract change order. **Move to accept by Director Carlsen. Seconded by Director Maginnis. Vote was unanimous.** Director Watson: for the next meeting, could Mike bring different billings and payments to date for the Directors.
- C. *Weir Project:* See: Daus Report under UNFINISHED BUSINESS.
- 072 Connection Fee Increase: General Manager Herreid informed the board that CCWD has increased their connection fee to \$11,151.00 as of the first of July 2009. He recommended we raise the installation fee for connections to \$500.00 for a total of 11,651.00. **Director Woods made a motion that we move our connection rates to reflect the CCWD rate as well as the increased installation charge of \$500, to a total of \$11,651.00 by August 15' 2009. Seconded by Director Watson. Vote was unanimous.** Letters will go out Monday, July 13, 2009 to new connections advising them of the fee increase.

080

COMMITTEES:

- 081 Budget & Rates Committee: Nothing to report.
- 082 Salary & Benefits Committee: Nothing to report.
- 083 Personnel Policy Committee: Nothing to report.

- 84 Projects Committee: Nothing to report.

Jeri noted the board was going to set the committee members. **A motion was made by Director Maginnis to set the committee members the same as in prior years. Seconded by Director Carlsen. Vote was unanimous.**

090 PUBLIC RELATIONS:

- 091 Lodge Log Article: Articles for the Lodge Log are due August 1st. President Speakman asked for article suggestions and noted last months minutes remind people to be sure to notify the water company if they have an address change. Director Wood: Remind them to check the website for updating addresses and to remind people that Sept and Oct are the highest fire danger months. For the Oct. / Nov. issue: Let shareholders know we've been able to accelerate the projects but make sure they know we need to recapitalize before we can move forward again. Another possible article would be about locking in rates for the "2010 project".

110 UNFINISHED BUSINESS:

- 111 Quarterly Meetings with CCWD: No updates from CCWD. Larry Diamond is gone for 2 weeks.
- 112 Calaveras General Plan: Nothing to report. Don Stump reported that the ag element is the one that is being pushed right now and with regards to the new General Plan, the supervisors are only going to look at items that are not going to cost them money.
- 113 Daus Report: General Manager Herreid: We've got the Daus report. Unknown whether Fish and Game will accept the report. Work won't occur until September when the creek is low. Daus is going ahead and having CCWD, in their name, do the 1600. We have already agreed to do the repairs. This item will be brought back next month. Don Stump: CCWD will need to approve this in order to get it on the agenda, so the process will be a little longer. It could take you a month or two longer than we anticipated.

120 NEW BUSINESS:

- 121 Correspondence: Nothing new.
- 122 Closed Session to discuss Sequoia Woods County Club and Lee Ann Schmedes' Interview:

- 130 **ADJOURNMENT**: The meeting was adjourned at 10:00a.m to closed session.

Open session resumed at 11:21am.

Director Woods: The contract with Twain Harte Construction states that the owner agrees to pay the contractor progress payments consisting of 90% of the sum total of the quantity completed, multiplied by the unit cost. Billing shall be submitted by contract on the 25th of each month and payment made thereof by owner on the 10th day of the following month. This legally binds us to pay. We need to strengthen this thing to say that the terms of Section 5 do not apply. That they will be free of interest and penalty and we waive terms of Section 5 (A & B) for this change order. Watson: Change in contract, item #5, payment to extend to final payment date due shall be as follows: Final payment due no later than February 26, 2010, with no interest and no penalty.

Respectfully submitted, Lee Schmedes, Recording Secretary
Transcribed from tapes of the meeting

APPROVED: