

*BOARD OF DIRECTORS*  
*MEETING MINUTES – REGULAR MEETING*

Date: November 17, 2011 Time: 7:00 PM.

Location: CRESTLINE VILLAGE WATER DISTRICT

- CALL TO ORDER:** President Dahlstrom called the meeting to order at 7:00 PM
- PRESENT:** President Perry Dahlstrom  
Secretary Wilfred Steiner  
Treasurer Donald Pederson  
Director Paul Hartman
- ABSENT:** Vice President Ronald Albright
- STAFF:** General Manager – Robert Haifley  
Accountant – Angela Forder
- AUDIENCE MEMBERS:** See Attached Exhibit "A"

## PUBLIC COMMENT

**STAFF INTRODUCTIONS:** Director Dahlstrom introduced General Manager Robert Haifley and Office Administrator Angela Forder, as permanent employees of Cedarpines Park Mutual Water Company, in replacement of contractors ECS Company.

### **PUBLIC COMMENT CARDS:**

1. Shareholder Jim Morrison submitted a public comment card regarding field staff, indicating he had the license plates run at the shop and would like to know why one of the individuals lives in Hemet, CA. Mr. Morrison's concern was that the response time is too great for emergency calls, sighting his neighbor's emergency call that received no response.

**DISCUSSION:** Director Dahlstrom responded that the individuals chosen were hired based on their qualifications. Office Administrator Angela Forder addressed the issue regarding Mr. Morrison's neighbor. It has since been discovered that the answering service failed to contact the serviceman on call and did not follow-up by calling the back-up numbers provided. A letter of reassurance was sent to the office indicating this error will not happen again. This is the first instance in which the answering service has failed to notify the company of an emergency. Further, Ms. Forder stated that she has discussed the occurrence with the customer directly.

**ACTION:** None

## MINUTES

### **1. APPROVE THE OCTOBER 15, 2011 EXECUTIVE BOARD MEETING MINUTES.**

**DISCUSSION:** Directors present for the October 15, 2011 Executive Board Meeting were Director Dahlstrom, Director Albright and Director Steiner.

**MOTION:** Director Steiner made a motion to approve amended October 15, 2011 Executive Board Minutes. A second was made by Director Dahlstrom.

**ACTION:** Motion failed, with Directors Hartman and Pederson abstaining. Director Albright will need to be present in order to approve the minutes.

**2. APPROVE THE OCTOBER 22, 2011 EXECUTIVE BOARD MEETING MINUTES.**

**DISCUSSION:** No changes or objections to the minutes.

**MOTION:** Director Steiner made a motion to approve the October 22, 2011 Executive Board Minutes. A second was made by Director Hartman.

**ACTION:** Motion was carried unanimously.

**3. APPROVE THE OCTOBER 27, 2011 REGULAR BOARD MEETING MINUTES.**

**DISCUSSION:** The Board agreed that further review of the minutes would be required.

**MOTION:** N/A

**ACTION:** The approval of the October 27, 2011 Regular Board Meeting Minutes were tabled until the December 2011 meeting.

**4. APPROVE THE OCTOBER 27, 2011 EXECUTIVE BOARD MEETING MINUTES.**

**DISCUSSION:** The Board agreed that further review of the minutes would be required.

**MOTION:** N/A

**ACTION:** The approval of the October 27, 2011 Executive Board Meeting Minutes will be tabled until the December 2011 meeting.

## REPORTS

### **FINANCIAL REPORT FOR OCTOBER 2011**

**DISCUSSION:** Ms. Forder explained the status of the Company financial reports for October 2011.

**MOTION:** Director Pederson made a motion to accept the financial reports as presented. A second was made by Director Steiner.

**ACTION:** Motion was carried unanimously.

### **OPEN DISCUSSION**

**1. ECS COMPANY INVOICING:** A discussion was had regarding prior and current year expenses relating to payments made to ECS Company. Director Pederson provided an overview of the ECS payments and accounting. At the end of April 2011, the P&L shows we accrued two months of invoicing for ECS. Typically contract services are

paid the following month from services received. However, at year end Generally Accepted Accounting Principles require that all expenses be accrued in the same year to match revenue. In the case of ECS, the May 2011 invoice was accrued in April of the prior fiscal year, and expensed in May of the current fiscal year, making it appear the May invoice was paid twice. Director Pederson has consulted with the company's CPA on the issue, and Ms. Forder will follow-up to determine if we can better represent what actually occurred. Director Pederson also indicated he has verified that the actual invoices match payments made, and confirmed ECS did not receive duplicate payments at any time. Director Pederson also addressed the additional expenses in July, September and October that were above and beyond the contracted amount. The additional expenses were for weekend on-call duties, fixing leaks and additional field staffing in the absence of two Company field operators.

### **Production Report for October 2011**

General Manager, Robert Haifley provided the following totals for October 2011:

TOTAL MONTHLY SYSTEM PRODUCTION:	<b>2,127,095</b>	Gallons or 49.2 gallons per minute.
TOTAL PURCHASED WATER TO THE SYSTEM:	<b>0</b>	Gallons or 0 gallons per minute.
TOTAL WATER TO THE SYSTEM IN October 2011:	<b>2,127,095</b>	Gallons or 49.2 gallons per minute.
TOTAL SYSTEM STORAGE AS OF October 31, 2011:	<b>77.29%</b>	

## *OLD BUSINESS*

### **1. CLAWA CONNECTION STATUS – ( Financial Hold )**

**DISCUSSION:** A discussion was had regarding removing this item from Old Business until financials are available.

**MOTION:** Director Pederson made a motion to remove item CLAWA Connection Status from Old Business until funds are available. A second was made by Director Steiner.

**ACTION:** Motion was carried unanimously.

**2. WATER STORAGE TANK MAINTENANCE STATUS – STATUS & INSPECTION PROPOSALS ( Financial Hold )**

**DISCUSSION:** A discussion was had regarding water storage tank maintenance. Director Dahlstrom suggested the company review the records provided by the Health Department and perform a visual inspection to determine the current condition of the tanks.

**MOTION:** N/A

**ACTION:** GM Haifley to review the records provided by the Health Department and perform visual inspections.

**3. SAWPIT STORAGE TANK SITE – STATUS UPDATE - ( Financial Hold )**

**DISCUSSION:** A discussion was had regarding the Sawpit tank site. Director Dahlstrom indicated this item is still on financial hold. Director Dahlstrom suggested the company begin to obtain estimates for removal of the current tank, a smaller storage tank and slope-stabilization.

**MOTION:** N/A

**ACTION:** N/A

**4. BENNETT EASEMENT (No further public discussion, legal issue)**

**DISCUSSION:** A discussion was had regarding the Bennett Easement. It was agreed that this item is in the final stages, and a motion can be made to remove the item once the documents have been recorded.

**MOTION:** N/A

**ACTION:** N/A

**5. POLICIES & PROCEDURES**

**DISCUSSION:** A discussion was had regarding Policies and Procedures. The Board agreed that Staff should begin a review of the current Employee Policies and Procedures, and make recommendations for the upcoming revision effort. In addition, the Board discussed the reprinted version (8-1/2 x 11) of the By-Laws. It

was agreed that the reprinted version needs to be compared to the approved By-Laws before it can be distributed to shareholders. Director Dahlstrom agreed to complete a comparison to determine if there are any discrepancies. In the interim, the reprinted version may be used for reference, and may be given to shareholders with the disclaimer that it is for reference only.

**MOTION:** N/A

**ACTION:** N/A

## **6. DEPARTMENT OF CORPORATIONS PERMIT RENEWAL**

**DISCUSSION:** A discussion was had regarding the removal of the Department of Corporations Permit Renewal from Old Business.

**MOTION:** Director Pederson made a motion to remove Department of Corporations Permit Renewal from Old Business. A second was made by Director Hartman.

**ACTION:** Motion was carried unanimously.

## **7. FINANCIAL INSTITUTION**

**DISCUSSION:** A discussion was had regarding the new accounts at Bank of America. A banking resolution was provided to include the new General Manager as a signer and open a new credit card with Bank of America to replace the Arrowhead Credit Union credit card, if necessary. The Board submitted changes for the resolution and tabled the item to be approved at the next board meeting.

**MOTION:** N/A

**ACTION:** N/A

## *NEW BUSINESS*

### **ITEM 1: ACCT. # 1-490 - SHAREHOLDER REQUEST FORM**

**DISCUSSION:** A shareholder submitted a Shareholder Request Form inquiring about the capacity of two Sawpit Tanks, specifically the welded and bolted tank on Sawpit Canyon Road. Director Dahlstrom confirmed the smaller tank holds approximately

84,000 and the larger tank holds approximately 130,000. The shareholder indicated the verbal information received was sufficient.

**MOTION:** N/A

**ACTION:** N/A

**ITEM 2: ACCT. # 12-463 – SHAREHOLDER REQUEST FORM**

**DISCUSSION:** A shareholder submitted a Shareholder Request form inquiring about the permit number for installing a water line (near his home), and what year/date the line was installed. Director Dahlstrom indicated a permit was not required for installing a water line. Director Dahlstrom suggested the office may be able to locate an archived map showing the date the current line was re-installed, as the line was pre-existing.

**MOTION:** N/A

**ACTION:** N/A

**ITEM 3: ACCT. # 5-895 AND ACCT. # 11-81 – SHARE ISSUANCE**

**DISCUSSION:** A discussion was had regarding transferring shares and issuing new certificates for accounts 5-895 and 11-81. It was determined that the cancellation of the previous owner shares should occur before the Board can approve the re-issuance of shares to the new shareholders. The Board requested that the share issuance be tabled until shares have been cancelled at the next meeting.

**MOTION:** N/A

**ACTION:** N/A

**ITEM 4: ACCT. # 99-7292 – SHARE CANCELLATION (Non-Payment)**

**DISCUSSION:** A discussion was had regarding the cancellation of shares for account 99-7292. Office Administrator Angela Forder indicated the shareholder contacted the office regarding the validity of his shares. The Shareholder indicates that he never received a share certificate, however the office shows record of a share stub and

certificate number. Further, the shareholder would like to know if he would be eligible for the previous owner's reduced meter connection fee schedule. Director Dahlstrom indicated the buyer assumes the seller's fee schedule.

**ACTION:** The Board instructed Staff to notify the Shareholder he may assume the seller's fee schedule if he intends to keep the shares, and will be granted a 30-day extension to reconcile the account.

#### **ITEM 5: ACCT. #12-462 – SHARE CANCELLATION (Non-Payment)**

**DISCUSSION:** A discussion was had regarding the cancellation of shares for account 12-462. Office Administrator Angela Forder indicated the shareholder has inquired which Lots would be losing shares. Upon review of the file, it was discovered that the shareholder has two separate accounts 12-462 and 12-463. The share certificate on file for this customer combines the Lots named on both accounts with a handwritten note to separate the shares to two certificates. In addition, the shareholder indicates they own additional Lots that are not a part of the current share certificate.

**ACTION:** It was agreed by the Board that the Shareholder will be given 30-days to provide current recorded grant deeds for all lots owned. Once the office has reviewed the grant deeds, the current share certificate shall be cancelled and re-issued as appropriate. Shares associated with account 12-462 will be cancelled for non-payment, and additional shares will likely be required for those contiguous lots associated with account 12-463.

#### **ITEM 6: ACCT. 5-455 – SHARE RECONCILIATION**

**DISCUSSION:** A discussion was had regarding account 5-455, to determine if the shareholder holds the correct number of shares. Upon review of the Shareholder's file, it was discovered that the share certificate does not include Lot-17, as named on the recorded grant deed. Also, a review of PIMS indicates the shareholder has purchased additional contiguous property (Lot-18). The Board agreed that the Shareholder will likely be required to purchase six (6) additional shares to satisfy the square-footage of all contiguous properties.

**ACTION:** The Board instructed Staff to notify the Shareholder of the error, and to request the grant deed for Lot-18. If the grant deed is not provided within 30-days,

the Company shall retrieve it from County records, and bill the Shareholder as appropriate.

**ITEM 7: ACCT. 99-9597 – SHARE RECONCILIATION**

**DISCUSSION:** Office Administrator Angela Forder brought it to the Board's attention that account 99-9597 has never been billed membership dues since the purchase of shares in 2008.

**ACTION:** The Board instructed Staff to notify the Shareholder of the error, and request the account be brought current if they wish to maintain the shares.

**ITEM 8: RULES AND REGULATIONS**

**DISCUSSION:** A discussion was had regarding section 1.7 and 4.5 of the Rules and Regulations as it relates to shut-offs for non-payment. It was agreed by the Board that the verbiage needs to be further clarified. Director Dahlstrom indicated he would look into the shut-off policies of other companies, and possibly draft a new version. In the interim, the office was directed to continue with the current practice for shut-offs.

**MOTION:** N/A

**ACTION:** N/A

**ITEM 9: ACQUISITION STATUS**

**DISCUSSION:** A discussion was had regarding the status of Acquisitions. Director Dahlstrom indicated that Crestline Village Water District is not interested in an acquisition with Cedarpines Park Mutual Water Company unless the Company assumes all costs associated with the acquisition, operating costs of the Cedarpines Park system and payment of the RUS loan. Although certain charges would be removed from the bi-monthly billing, Cedarpines Park Mutual Water Company Customer bills would likely increase as a result of an acquisition. Director Dahlstrom further indicated that there are no other offers of acquisition on the table at this time.

**MOTION:** N/A

**ACTION:** N/A

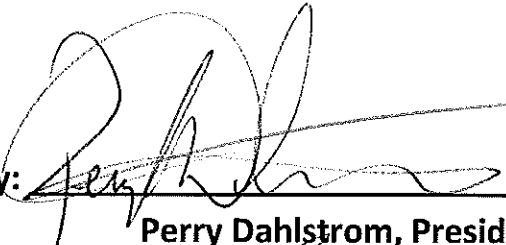
MEETING SCHEDULE

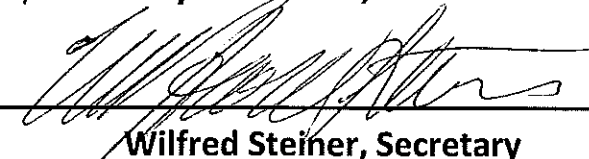
The next Board of Directors meeting for Cedarpines Park Mutual Water Company is scheduled for Thursday, December 15, 2011 at 7:00p.m. This meeting will be held at Crestline Village Water District Board Room, 777 Cottonwood Dr, Crestline, CA 92325.

ADJOURNMENT

**MOTION:** Director Steiner made a motion to adjourn the November 17, 2011 Regular Board of Directors Meeting. A second was made by Director Hartman. The motion was approved unanimously.

The Meeting was adjourned by Director Dahlstrom at 10:26 P.M.

Approved by:  Date: 12-15-11  
Perry Dahlstrom, President

Reviewed By:  Date: 12/19/11  
Wilfred Steiner, Secretary