

BLUE LAKE SPRINGS MUTUAL WATER COMPANY
Minutes of the 10th Interim Meeting
Blue Lake Springs, Arnold, California
Saturday, March 14th, 2015 9:00am

CALL TO ORDER:

At 8:58am the meeting was called to order. Directors present were Steve Alberts, Robert Maginnis, Dave Owen, Tom Schneider, Sharon Tobias, Paul Penney and George Paul; General Manager Hicks, Administrative Operations Manager Lee Schmedes, Recording Secretary Nhu Bergstrom, Assistant Project Manager Kris Morris and General Counsel Michael Minkler were also in attendance.

Several guests were present at the meeting.

00:01:30

APPROVAL OF MINUTES:

9th Interim Meeting of February 14, 2015:

With no additions or deletions, the Minutes of the February 14, 2015 meeting will stand as printed.

00:36:12

DISCUSSION OF MATTERS NOT ON AGENDA:

A shareholder asked the Board to be more proactive in asking California Legislature to look into bringing in water into California. President Maginnis thanked the shareholder and took note of the situation.

00:01:45

FINANCIAL REPORTS:

February 2015 Balance Sheet & Income/Expense Statements:

Treasurer Schneider reported February 2015 Balance Sheet and Income/Expense Statements. AOM Schmedes will get together with Treasurer Schneider to re-classify some of the categories in the Operating and E&I Expenses page.

00:28:50

MANAGER'S REPORT:

Water Production/Consumption/Drought:

GM Hicks reported February's water production and consumption. A sample of 25 full time homes had their meters read; usage for February was 125 gallons/per day per household.

GM Hicks stated that we will be moving to Drought Stage 3. Outside watering during Stage 3 will be suspended, usage must be cut down to 35% and fines are doubled. A postcard will be mailed to notify all shareholders of the current restrictions.

00:48:45

Water Agreement with CCWD:

CCWD's David Eggerton, General Manager and Bertha Underhill, Board of Director and President made an appearance to discuss the recent correspondence letter dated 3/13/15 regarding the water purchase negotiations between BLSMWC and CCWD. Instead of BLSMWC paying the full capacity fee of all homes in BLS; the proposal would reduce the capacity fee to 20% of the homes (approx. \$2.2million).

Director Paul questioned the proposal asking why BLSMWC couldn't just buy water at a wholesale price from CCWD. GM Eggerton mentioned a capacity must be paid before water could be sold to BLSMWC. However, the metered rate will be reduced to a factor of 8, which is a huge savings compared to any conventional rate payer. Director Alberts asked why BLSMWC could not qualify for the commercial capacity fee/rate; GM Eggerton responded that the water purchased will be for household use or residential use, therefore the residential capacity fee would apply. Another guest pointed out that the residential capacity fee typically requires CCWD to provide some sort of infrastructure improvement or support, and in this case BLSMWC would be solely maintaining and providing service to those households who would be receiving the water. GM Eggerton responded CCWD would not provide any support to those households, that the capacity fee is a charge calculated based on the current assets and infrastructure CCWD has in place to be able to sell/provide water to its constituents. Treasurer Schneider suggested a different class of capacity fee could be created since BLSMWC's request is unique and does not fit the mold of a typical entity. BLSMWC will be maintaining its own infrastructure and continue to function as a separate entity. In the end, President Maginnis thanked GM Eggerton and Ms. Underhill for attending the meeting and is optimistic an agreement could be made.

02:01:30

PROJECT MANAGER'S REPORT:

UWPA:

Director Alberts reported on the memorandum received by L&SCE on 3/13/15 regarding the UWPA pipeline. GM Hicks suggested a new building might need to be constructed as the current treatment plant could not be retro-fitted. Initial numbers indicate additional funding will be required and the cost could exceed \$6.5million. The feasibility study should be available in 4-5 weeks.

02:03:02

Well Exploration:

Treasurer Schneider stated the owner of Well LX is still interested in the proposal and would like to schedule a conference call with GS Minkler to discuss in detail. Director Alberts discussed the current status of Well #4 – the bid exchange is still active until 3/25/15, provided there are no extensions.

02:09:40

HWY 4 COORDINATING COMMITTEE:

Meeting of March 5, 2015:

Director Paul reported on the Hwy 4 Coordinating Committee meeting of March 5, 2015. Director Paul is concerned about UWPA's current stance on selling BLSMWC water. GS Minkler pointed out that a solid 'yes' agreement could not be made until a feasibility study was presented and the project was discussed in detail.

A motion was made by Director Paul to have GM Hicks send a letter to UWPA's General Manager to see if UWPA was still interested in selling water. Seconded by Treasurer Schneider. 7-0 motion passes.

02:48:32

COMMITTEES:

Long Range / Strategic Planning Committee:

No report.

02:51:38

PUBLIC RELATIONS:

Website:

RS Bergstrom reported website statistics for February 2015. Correspondence was also received regarding the timeliness of reports distributed and its candor. Bergstrom contacted several local realty agencies regarding Drought Stage 3 and have realtors inform their vacation renters to conserve water.

02:36:12

UNFINISHED BUSINESS:

Grant Writer:

GM Hicks reported John Pedry from MC Engineering is working on a grant application for meters. Assuming the grant is approved and funded, it could help pay for 50% of the costs.

02:40:00

Office Building:

APM Morris will begin the < 3 acre conversion at 491 Blue Lake Springs Drive, which will include the tree/stump removal, septic system installation and bathroom for the treatment plant.

NEW BUSINESS:

No report.

02:50:30

ACTION ITEMS REPORT:

RS Bergstrom reported the current and completed Action Items.

ADJOURNMENT TO EXECUTIVE SESSION:

A motion to adjourn to Executive Session was made at 12:12pm.

REPORT FROM EXECUTIVE SESSION:

The meeting reconvened at 12:58pm. Nothing to report.

ADJOURNMENT:

The meeting was adjourned at 12:58pm.

Respectfully Submitted by Nhu Bergstrom, Recording Secretary
Reviewed by Lee Schmedes, Administrative Operations Manager
Summarized from digital recording of the meeting

APPROVED: April 11, 2015