

**RECORD OF THE MINUTES OF THE  
SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THE  
BEAUMONT CHERRY VALLEY WATER DISTRICT  
January 29, 2010**

**CALL TO ORDER, PRESIDENT BALL**

President Ball called the meeting to order at 6:02 p.m., 560 Magnolia Avenue, Beaumont, California.

**PLEDGE OF ALLEGIANCE, DIRECTOR WOLL**

Director Woll led the pledge.

**INVOCATION, DIRECTOR ROSS**

Director Ross recited the invocation.

**ROLL CALL, JULIE SALINAS**

Those responding to roll call were President Ball, Vice President Parks and Directors Ross and Woll. Also present at this meeting were General Counsel Gil Granito, Interim General Manager Anthony Lara and Business Manager Julie Salinas.

**PUBLIC INPUT**

Director Woll invited Luwana Ryan to speak on an item not on the agenda. Ms. Ryan addressed the Board regarding the new urgent need for outside funding for the long overdue recycled water system. Ms. Ryan stated that she believe the Board of Directors had not done its due diligence in beginning this project without a firm contractual agreement with the City of Beaumont for water. She is concerned that the District does not have a viable rate structure in place that will keep the District solvent. She is amazed and appalled that the Board, their legal counsel and their engineer have put the rate payers in a precarious situation and possibly endangered property values by continuing to mine the Beaumont Basin for potable water to make up for the lack of recycled water.

Director Woll invited Frances Flanders to speak on an item not on the agenda. Ms. Flanders asked that Board reconsider re-hiring the team of Annette Hubbell and Jay Malinowski to assist and guide the Board Directors. Ms. Flanders expressed her disappointment in that the 2007 Governance Study recommendation were never reviewed in a public meeting. Ms. Flanders went to speak on the need for real experts with experience and overview of water and water company business and financing to guide the Board toward better economic decisions.

**ACTION ITEMS**

**1. ADOPTION OF THE AGENDA**

Vice President Parks moved to adopt the agenda as presented. Director Ross seconded. The motion passed unanimously.

**2. REVIEW AND SELECTION OF FINANCIAL CONSULTANT SERVICES PROPOSAL FOR RECYCLED WATER PROJECT FUNDING\*\***

General Manager Lara reported that the District had lost its ARRA funding and would not be receiving any funding from the State Water Control Board until there was an agreement with the City of Beaumont for the transfer of recycled water, until permits were obtained and plans and specifications for the facilities located at the Waste Water Treatment Plant were completed.

We could have shut these four contracts down, but considering the extremely good pricing we obtained, and the potential for litigation from the terminated contractors for lost profits, materials ordered, etc., staff felt strongly that the best option and best value was to continue with the completion of these four projects.

Mr. Lara recommended that the District engage a Financial Consultant to assist the District in obtaining private funding. Mr. Lara further recommended that the Board approve the proposal from Fieldman Rolapp and Associates.

President Ball inquired on the original engineer's estimate. General Manager Lara replied that all projects currently under construction came in at 40 to 60% of the engineer's estimate. President Ball also inquired as to whether the District had worked with Fieldman Rolapp in the past. Mr. Lara reported that Fieldman Rolapp had assisted the District in obtaining funding to purchase the Recharge Facility property.

Director Ross inquired on the time period for pay back on a 5 million dollar loan. General Manager Lara reported the time period was 3 to 10 years, with an interest rate of 3% for a 3 to 5 year term and an interest rate of 4.10% for a 7 to 10 year term. When asked for his recommendation, Mr. Lara recommended that the District go no less than 5 years on the funding.

Director Woll inquired on the possibility of obtaining a loan from the District's current bank, the Bank of Hemet to which Mr. Lara reported that he had contacted representatives at the Bank and that Bank of Hemet did not handle this size loan.

Director Ross moved to accept the proposal from Fieldman Rolapp. Vice President Parks seconded. The motion passed unanimously.

### **3. OPEN WORKSHOP**

#### **a. 2010 Budget Report\*\***

General Manager Lara reported that the Budget being presented to the Board was staff's projection based on current operating revenues and current operating expenses. The Budget is subject to change and is needed as a guideline and tool in order for the District to continue to operate until outstanding issues are resolved (rate study, internal audits, public financing, etc). Mr. Lara walked members of the Board and public through each departmental budget, answering questions as well as noting increases and decreases from previous years along the way.

Vice President Parks thanked General Manager Lara for his hard work. Mr. Lara in turn thanked Operations Superintendent Dahlstrom and Business Manager Salinas for their contributions and efforts in drafting the budget.

**4. CONTINUANCE OF SPECIAL MEETING**

a. Adoption of the 2010 Budget

Vice President Parks moved to adopt the 2010 Operation and Maintenance Budget as presented. Director Ross seconded. The motion passed unanimously.

**5. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL-**

President Ball adjourned the meeting to Closed Session at 6:58 p.m.

- A. Closed Session regarding a personnel matter pursuant to Government Code Section 54957- Interim General Manager- Performance Review.**
- B. Closed Session will be held to confer with legal counsel on ONE matter of potential litigation pursuant to subdivision (c) of Government Code section 54956.9-ONE MATTER-Potential Litigation**

**6. OPEN SESSION- REPORT ON CLOSED SESSION**

President Ball reconvened to Open Session at approximately 10:55 PM.

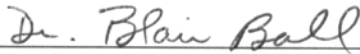
General Counsel Gil Granito reported that at approximately 6:58PM the Board went into Closed Session to discuss the following items as reflected on tonight's agenda:

The first matter discussed in Closed Session concerned Item 5A of tonight's agenda. During this phase of the Closed Session, the Board Members continued their ongoing evaluation of the performance of the Interim General Manager pursuant to Government Code Section 54957 and no further reportable action was taken.


The second and last item discussed in Closed Session concerned Item 5B of tonight's agenda. During this phase of the Closed Session, General Counsel led a discussion on one matter of potential litigation pursuant to subdivision (c) of Government Code Section 54956.9 and no further reportable action was taken.

**ADJOURNMENT**

President Ball adjourned the meeting at approximately 10:56PM.

  
\_\_\_\_\_  
Dr. Blair Ball, President of the  
Board of Directors of the  
Beaumont Cherry Valley Water District

Attest:

  
\_\_\_\_\_  
Ryan Woll, Secretary to the  
Board of Directors of the  
Beaumont Cherry Valley Water District