

**RECORD OF THE MINUTES OF THE
REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
BEAUMONT CHERRY VALLEY WATER DISTRICT
February 10, 2010**

CALL TO ORDER, PRESIDENT BALL

President Ball called the meeting to order at 7:03 p.m., 560 Magnolia Avenue, Beaumont, California.

PLEDGE OF ALLEGIANCE, DIRECTOR ROSS

Director Ross led the pledge.

INVOCATION, VICE PRESIDENT PARKS

Vice President Parks recited the invocation.

ROLL CALL, JULIE SALINAS

Those responding to roll call were President Ball, Vice President Parks and Director Ross. Director Woll arrived around 7:45 p.m. Also present at this meeting were General Counsel Gil Granito, Interim General Manager Anthony Lara and Business Manager Julie Salinas.

PUBLIC INPUT

President Ball invited Patsy Reeley to address the Board on an item not on the agenda. Ms. Reeley inquired on the Financial Consultant report which was presented at the Finance & Audit Committee meeting but not included on tonight's agenda. Ms. Reeley asked if the recommendations were going to be reviewed or simply put aside.

President Ball replied that the report was in draft form and that the District is moving forward and continuing to work with the consultant.

ACTION ITEMS

1. ADOPTION OF THE AGENDA

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

2. FINANCIAL REPORTS

a. Bills for Consideration**

President Ball invited Luwana Ryan to address the Board regarding the Recycled Water Project Invoices. Ms. Ryan stated that a more detailed check register is presented at the Finance and Audit Committee meetings at which not all Board members are present. The summary check register in the regular agenda contains the check number, the vendor name and the check amount. Ms. Ryan wanted to make the Board aware that over \$1,046,000 was spent on recycled water projects in January. She asked if the Board would be reporting on the progress of the District securing financing for the completion of the projects.

Interim General Manager Lara reported that he had been in contact with Tom Demars of Fieldman Rolapp and should have more details to report after Friday, February 12, 2010.

The Board will take action on the Bills for Consideration taking into account the recommendations of the Finance and Audit Committee.

Director Ross moved to approve the January 2010 Invoices. Vice President Parks seconded. The motion passed unanimously with Director Woll absent.

b. Invoices for Payment Approval**

Board Action

The Board will take action on the invoices for payment taking into account the recommendations of the Finance and Audit Committee.

Director Ross moved to approve the invoices pending payment. Vice President Parks seconded. The motion passed unanimously with Director Woll absent.

c. Month End Financial Statements January 2010**

Board Action

The Board will take action to "accept and file" the Month End Financial Statements presented by staff.

Director Ross moved to accept the January 2010 Financial Statement. Vice President Parks seconded. The motion passed unanimously with Director Woll absent.

d. Year End Financial Report YE December 31, 2009**

Board Action

The Board will take action to "accept and file" the Year End Financial Report presented by staff.

Director Ross moved to accept the 2009 Year End Financial Report. Vice President Parks seconded. The motion passed unanimously with Director Woll absent.

3. APPROVAL OF THE MINUTES

a. Minutes of the Regular Meeting of January 20, 2010**

Vice President Parks moved to approve the Minutes of January 20, 2010 as presented. Director Ross seconded. The motion passed unanimously with Director Woll absent.

b. Minutes of the Special Meeting of January 29, 2010**

Vice President Parks moved to approve the Minutes of January 29, 2010 as presented. Director Ross seconded. The motion passed unanimously with Director Woll absent.

4. VARIANCE REQUEST FROM CHERRY VALLEY WATER COMPANY ON OUT-OF-THE DISTRICT RATES**

Interim General Manager Lara reported that in December of last year staff determined that CVWC was being charged the regular domestic water rate and began billing at the outside rate. At the January 20, 2010 Board meeting a request for variance on the outside rate from CVWC was tabled and staff was directed to provide more information.

State Law as well as the District's Rules and Regulations Governing Water Service allow the District to charge different amounts to customers that are not subject to assessments. Mr. Lara recommended that the outside water rate remain in effect until the Cherry Valley Water Company is properly annexed into the District.

President Ball invited Doyle Murray to address the Board on this item. Mr. Murray stated that they (Cherry Valley Water District) would like a variance and that they would also like to annex into the District. Mr. Murray reported that they would be presenting a proposal before the Board in March and that he had just found out there were some complications with forming an Assessment District as they are not currently within the Beaumont Cherry Valley Water District's jurisdiction.

Director Ross reported that the Ad-hoc Committee would be meeting next week to discuss the annexation and proposal. Vice President Parks added that she felt it was unfair to the other customers currently receiving water at the out-of-district rate to grant a variance to CVWD. Legal Counsel Granito reminded the Board that the Rules and Regulations should be applied uniformly.

Vice President Parks moved to deny the variance request. Director Ross seconded. The motion passed unanimously with Director Woll absent.

5. REVIEW AND SELECTION OF FIRM TO PERFORM PROFESSIONAL AUDITING SERVICES FOR THE CALENDAR YEARS ENDING DECEMBER 31, 2009, 2010 AND 2010**

President Ball corrected the item description to read 2009, 2010 and 2011. Legal Counsel Granito clarified that it was not the firm of Vavrinek, Trine & Day which did work for Redwine & Sherrill but rather the firm of Teaman, Ramirez & Smith. While there are no conflicts from a legal standpoint for using the same firm, there could be a perception of a conflict by the public.

Interim General Manager Lara reported that all firms were equally qualified and experienced to complete the audits. Business Manager Salinas explained that the RFP stated "The Beaumont Cherry Valley Water District is requesting proposals from qualified certified public accounting firms to audit its financial statements for the calendar year ending December 31, 2009, with the option of auditing its financial statements for up to an additional two subsequent calendar years."

Vice President Parks moved to continue with the firm of Mayer Hoffman McCann. The motion died for lack of a second.

Director Ross moved to award the contract to Vavrinek, Trine, Day & Co., LLP. President Ball seconded. The motion failed on a vote of 2-1 with Director Woll absent.

Legal Counsel Granito proposed the Board revisit the matter once Director Woll arrived.

6. DISCUSSION AND POSSIBLE ACTION REGARDING HIRING AN EXPERIENCED FINANCIAL MANAGER

Director Ross stated that the District was long overdue for a Financial Manager. Director Ross moved direct Mr. Lara to search and advertise for the position. Vice President Parks seconded. The motion passed unanimously with Director Woll absent.

President Ball reported that the hiring of a Financial Manager was a recommendation in the draft report by Siebert Botkins Hickey and Associates.

7. REPORTS FOR DISCUSSION AND POSSIBLE ACTION

(a) Ad hoc Committees

(b) General Manager

- Recycled Water Projects
 - 24" Desert Lawn recycled pipeline is approximately 98% complete.
 - Brookside Ave recycled pipeline is approximately 98% complete. The bore under Cherry Ave is in and the contractors have made the connections on the east end of the job with one more connection to make on the west end.

- 2800 zone recycled water tank is approximately 60% complete with three rings up on the wall. Contractors should start on the roof shortly.
- Ring Ranch recycled pipeline job has been awarded (February 8, 2010) and the District has 60 days to issue the Notice to Proceed.
- Well 21 Failure – Approximately three weeks ago the pump at Well 21 failed. During maintenance, the flow meter was pulled apart and staff found dirt and debris which could indicate a hole in the casing. The District contacted three pump companies and requested proposals to pull out the pump, investigate and assess the damage. Once the assessment is complete, the District will send out a request for bids to make the recommended repairs.

(c) Directors

- Dr. Blair Ball – No report.
- Stella Parks – Vice President Parks reported that at the end of January, the snowfall levels were reported to be at 115%. Vice President Parks attended Pass Agency meetings where EBX II was the topic of discussion. She also reported they (Ad-hoc Committee) would be scheduling a meeting with the Cherry Valley Water Company.
- Ken Ross – No Report.
- Ryan Woll – No report.

(d) Legal Counsel

8. ANNOUNCEMENTS

- **Regular Board Meeting will be held on March 10, 2010**

Interim General Manager Lara reported that the Board needed to fill the vacant seat (Division 3) by March 5th. Mr. Lara recommended scheduling a special meeting on March 3rd and incorporating the Finance & Audit Committee meeting items. Mr. Lara further recommended that if the regular meeting scheduled for March 10th did not have a full agenda that perhaps that too could be incorporated into the special meeting.

All directors agreed to hold a special meeting on Wednesday, March 3rd at 7:00 p.m.

ACTION LIST

No tasks were assigned.

9. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL-

President Ball adjourned the meeting to Closed Session at 7:43 p.m.

A. 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

B. Closed Session will also be held regarding a personnel matter pursuant to Government Code Section 54957- Interim General Manager-Performance Review.

10. OPEN SESSION- REPORT ON CLOSED SESSION

President Ball reconvened to Open Session at approximately 10:21PM.

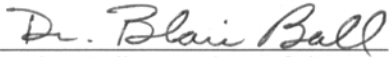
General Counsel Gil Granito reported that at approximately 7:43PM, the Board went into Closed Session to discuss the following items, as reflected on tonight's agenda:

The first matter discussed in Closed Session concerned Item 9-A of tonight's agenda. During this phase of the Closed Session, General Counsel, Gil Granito and Special Counsel, Neal Meyers (who participated telephonically) 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.

The second matter discussed in Closed Session concerned item 9-B 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.

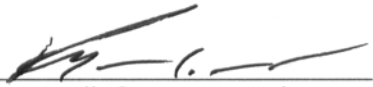
11. ADJOURNMENT

President Ball adjourned the meeting at approximately 10:25PM.



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