



**BOARD OF DIRECTOR'S MINUTES
SAN LORENZO VALLEY WATER DISTRICT
BOULDER CREEK, CALIFORNIA**

The regular meeting of the Board of Directors of the San Lorenzo Valley Water District was called to order by Pres. Nelson on Thursday, March 2, 2006, at the Operations Building, 13057 Highway 9, Boulder Creek, California, at 7:30 p.m.

CONVENE MEETING/ROLL CALL

Roll call showed Dirs. Rapoza, Vierra and Nelson present. Dir. Prather arrived at 7:35 p.m. Dir. Ross was absent. District Manager Mueller, Legal Counsel Hynes and Director of Operations Rogers were also present.

MINUTES

- a. Regular Meeting of February 16, 2006

Motion was made by Dir. Vierra to approve the Minutes of the Regular Meeting of February 16, 2006.

ROLL CALL:

Ayes: Vierra, Rapoza, Nelson
Noes: None
Absent: Prather, Ross

ADDITIONS AND DELETIONS TO AGENDA: None

ORAL COMMUNICATIONS: None

WRITTEN COMMUNICATIONS: None

CONSENT AGENDA: None

UNFINISHED BUSINESS: None

NEW BUSINESS:

- a. Financial Statement for Fiscal Year 2004-2005.

Mr. Robert Smiley, CPA for Berger/Lewis Accountancy Corporation, provided a brief explanation of each section of the Financial Statement for Fiscal Year 2004-2005. His common theme was to encourage the Board to re-evaluate and review; depreciation schedules, the District's long range plan and goals for funding cash, future debits, replacement policies, budgets, examine investment risks, etc. Mr. Smiley also provided a printed copy of the web site from the American Institute of Certified Public Accountants (AICPA) for Audit Committee effective Tool Kits. Mr. Smiley further suggested the Water District adopt portions of the audit procedures outlined by Sarbanes Oaxley.

Dir. Rapoza asked how the value of the land owned by the District is set. Mr. Smiley advised it is based at the historical purchase price. There is no change in market value.

Dir. Nelson inquired about the depreciation schedule for the Utility Plant. Mr. Smiley stated the whole distribution system, treatment plant have a thirty (30) to forty (40) year depreciation life.

Dir. Rapoza pointed out that a portion of a sentence on page five (5) of the Audit is missing. Mr. Smiley said he would reprint that page and send it to Manager Mueller for re-distribution.

Motion was made by Dir. Rapoza to adopt Resolution No. 26 (05-06) to approve the Financial Statement for Fiscal Year 2004-2005.

ROLL CALL:

Ayes: Rapoza, Prather, Vierra, Nelson
Noes: None
Absent: Ross

- b. Agreement for Water Distribution System Improvement: APN 073-051-15
Motion was made by Dir. Vierra to adopt Resolution No. 27 (05-06) to approve the Water Distribution System Improvement relative to APN 073-051-15; generally located along Zayante School Road, Felton.

ROLL CALL:

Ayes: Vierra, Prather, Rapoza, Nelson
Noes: None
Absent: Ross

GENERAL MANAGER REPORTS:

- a. Manager

(1) Bill List Period Ending February 24, 2006

Motion was made by Dir. Rapoza to approve the bill list in the amount of \$124,422.65.

ROLL CALL:

Ayes: Rapoza, Prather, Vierra, Nelson
Noes: None
Absent: Ross

(2) Department Status Reports

(i) Administration

The Board received the Administration Department Status Report.

(ii) Operations

The Board received the Operations Department Status Report.

(iii) Engineering

The Board received the Engineering Department Status Report.

b. Committee/Director Reports (Oral):

Dir. Vierra asked if the Facility and Finance Committee meetings had been scheduled at this time. Manager Mueller informed the Board the meetings were going to be scheduled soon. He had just met with the Financial Consultant and made a request for the Purchase Order to be issued for his services.

Dir. Nelson inquired if a District Secretary had been hired yet. Manager Mueller advised no, they were still involved in the hiring process.

Dir. Nelson asked if there was a date scheduled for the Bear Creek Waste Water meeting. Manager Mueller said he has been working towards obtaining a meeting location. He plans on having the location and date secured by the end of March.

INFORMATIONAL MATERIAL:

a. Newspaper Articles

ADJOURNMENT TO CLOSED SESSION

Dir. Nelson adjourned the meeting to closed session at 8:08 p.m. to approve Minutes of the Closed Session Meeting of February 16, 2006, Conference with Legal Counsel. Anticipated Litigation one (1) potential case pursuant to California Government Code Section 54956.9(c).

RECONVENE TO OPEN SESSION TO REPORT ACTIONS TAKEN IN CLOSED SESSION:

Dir. Nelson reconvened the regular meeting at 9:45 p.m. and reported out that:

- a. Minutes of the Closed Session Meeting of February 16, 2006.
Motion was made by Dir. Nelson to approve the Minutes of the Closed Session Meeting of February 16, 2006.
ROLL CALL:
Ayes: Nelson, Rapoza, Ross, Vierra
Noes: None
Absent: Ross

- b. CONFERENCE WITH LEGAL COUNSEL;
ANTICIPATED LITIGATION
Initiation of litigation pursuant to subdivision (c) of California Government Code Section 54956.9.
One (1) potential case.

No reportable action.

ADJOURNMENT

Dir. Nelson adjourned the meeting at 9:45 p.m.

Lynn Barker
Pro-tem District Secretary
San Lorenzo Valley Water District