

SPECIAL MEETING MINUTES

Minutes of the special meeting of the Board of Directors of the Quincy Community Services District held on May 20, 2008 at 900 Spanish Creek Road, Quincy, California, in Plumas County.

Present: Denny Churchill, President
Ruth Jackson, Vice President
James Bequette, Director
Kimber Kraul, Director
Richard Castaldini, Director
Larry Sullivan, General Manager
Lyn Walters, Board Secretary
Marilyn Thornquist, Office Manager
Jim Doohan, Chief of Operations and Lab Director
Mike Green, Lead Mechanic
Frank Potter, Operator
Phil Jaramillo, Operator

The meeting was called to order at 9 a.m. by Mr. Churchill and it was determined that a quorum was present. **Director Kimber Kraul made a motion to accept an amended agenda; Director James Bequette seconded the motion and the motion carried unanimously.**

PUBLIC FORUM: There were no comments.

CalPERS Health Discussion: The Board convened to ask, as one member put it, "Is there a better health plan at a reasonable cost?" All agreed that the expense of employee health care concerns them deeply. "It's the ratepayers who takes the cost and now they are being forced to pay for a whole new benefit (referring to the CalPERS post-retirement benefit)," another said.

Staff pointed out that the vesting requirements for this new benefit were pretty stiff. An employee must serve 10 years to get 50% of the benefit and 20 to receive 100%. Staff also suggested using funds formerly allocated as healthcare benefits to a previous employee as the start of a post-retirement benefit line item account.

Board members expressed their adherence to the accounting principle that these funds were just an internal accounting mechanism and not actually available to start any kind of pre-funding account for post-retirement benefits.

The Board asserted that the cost of wages and benefits has increased 11% over the past two years and that it would be irresponsible to spend more than the district could absorb. Suggestions were made for employees to give up dental and vision coverage or to forgo cost of living increases for two years in order to make up for the liability that post-retirement benefits would now place on the district's books.

However the Board also acknowledged that CalPERS was the best healthcare plan for the cost and that district employees were exposed to hazardous conditions.

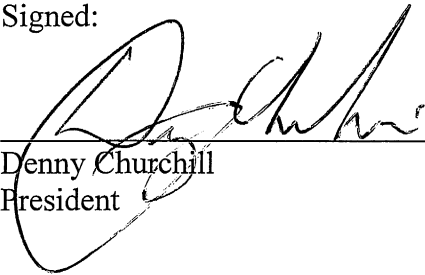
Finally one member asked what the total increase in cost would be to stay in CalPERS as well as the total the district could afford.

General Manager Larry Sullivan directed the Board's attention to the latest draft of the FY08-09 budget. "There's a lot of information in here. We've spent a lot of time with Bob Reed. The new expenses are all laid out and budgeted for in the rate increase study."

President Churchill told the Board that it was tasked with two charges: The first to determine whether to stay in CalPERS and the second to determine salaries. He postponed the second and asked the Board for a vote on the first. **Director Kim Kraul moved to keep district employees in the CalPERS Choice plan despite the retirement liability. Director Ruth Jackson seconded the motion. Director Richard Castaldini and President Denny Churchill also voted in favor of the motion. Director James Bequette opposed.**

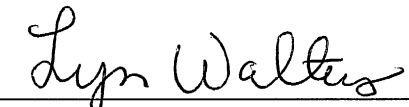
ADJOURNED: Director Bequette made a motion to adjourn the meeting; Director Kraul seconded the motion and the motion carried unanimously. The meeting adjourned at 10:08 a.m.

Signed:



Denny Churchill
President

Attested:



Lyn Walters
Board Secretary