Minutes - Public Session
Forest Lakes Mutual Water Company
Board of Directors Meeting In Person and On-line
July 14, 2026 - 6:00 p.m.
910 Fern Avenue, Felton CA

This was a hybrid meeting conducted in person at 910 Fern Ave. and by video/teleconference.

CONVENE MEETING/ROLL CALL: Meeting called to order by President D. Pattillo at 6:02. Also present were Managers S. Wagner and B. Knutson; Directors W. Baer, B. Charpy, D. Dondero (left meeting at 8:31 as prearranged), M. Grasso, C. Kelly, and C. Sprague; Shareholders C. Barauskas, L. Dennis (HR Committee), P. Dussell, R. Fish, P. Gonda (past president/HR Committee), S. Hector, and T. Hicks.

ADDITIONS/DELETIONS TO AGENDA: None

SHAREHOLDER/PUBLIC COMMENTS
P. Dussell, R. Fish, and T. Hicks each spoke in support of the Felton Fire Department ballot initiative and expressed hope that the Board would endorse the measure. They cited response time (7 minutes from Felton vs. at least 15 minutes from Zayante or Ben Lomond) and said that if the measure does not pass, the County could assume control at an even higher cost to property owners. Anyone who has not received a ballot can contact the interim chief.

C. Barauskas said that she was unable to access the agenda because of poor connectivity. Sarah said that she could post the agenda on the bulletin board outside and that she would also make sure that it's accessible online.

APPROVAL OF MINUTES

Minutes, June 7, 2026, Annual Shareholder Meeting: There was discussion resulting in one change to the minutes as drafted.

> **D. Dondero moved to approve the minutes of the Annual Shareholder Meeting as amended. The motion was seconded, and the motion carried by unanimous vote.**

Minutes, June 9, 2026, Regular Board Meeting

> **C. Kelly moved to approve the minutes of the June 9 Board meeting. The motion was seconded, and the motion carried by unanimous vote.**

COMPANY REPORTS

- **Financial Report**: S. Wagner reported on Company finances. As of June 30th, total cash on hand: $1,602,132.29; total revenue: $783,306.42; total expenses: $409,436.03; net income: $373,870.39. Reserves in LiveOak Bank 12-month CDs @ 4.1% APY: $462,030.43. Capital Improvement Funds in 6-month CDs @ 3.9% APY: $276,585.77. Wagner explained the move from Liberty Mutual to LiveOak Bank, citing the significantly higher interest rate, noting also that the LiveOak rate is actually at least as high as the rate offered by the U.S. Treasury. She reviewed Year-to-Date budget overages which include $10,750.00 for water trucked in after winter power outage; $634.56 for new dam boards; $344.09 for mowing the park; $647.92 for QuickBooks subscription; and $1,494.74 for toilet and septic at the office: In answer to a question about FDIC insurance, Wagner said that she has sent a query to LiveOak Bank and is waiting for a response. There was discussion of the cost of hiring professionals to mow the lawn and, in general, of controlling costs, and the question was posed: are we managing financials in a prudent way? The annual budgeting process will be an opportunity to scrutinize allocations and expenses. It was clarified that current policy allows managers to authorize expenditures of up to $1,500.00 for unplanned, non-emergency needs without board approval; perhaps the Rules Committee should look at refining guidelines for this policy. In response to a question about the lower income to date in 2026 compared to 2025, Wagner said that some of the difference is due to how shareholders are paying, and she reminded the board that, beginning in 2027, the payment options will include a discount for those who pay all at once. It was suggested that increasing the incentive might get more shareholders to pay the whole assessment in January..

> **C. Kelly moved to approve June financial report with one correction. The motion was seconded, and the motion carried with six directors voting yes, and one director abstaining.**

- **Administrative Report**: Wagner reported that the month of June went smoothly in the areas of Administrative and Office Operations, Billing and Financial Administration, Staffing and Human Resources, and Shareholder and Community Interaction. Except for opening week, the lake was open all month with acceptable lab reports from the county.
  It was noted that the Company website needs to be updated to reflect current leadership, and Wagner agreed to see to that.

- **Operations Report**: B. Knutson reported on Water Operations for the month of June, saying that system operations remained stable throughout the month despite the unexpected failure of Tank 10-1. Staff completed several repairs, continued planning for the Scenic Tank project, and fulfilled all required regulatory obligations while maintaining reliable water service across the system. Leaks on McKee Road and William Way were repaired. Graffiti and vandalism were discovered at Tank 2, underscoring the need for improved security at critical water facilities. Staff performed routine maintenance and monitoring and continued coordinating with engineers for the Scenic Tank Replacement project. Since Tank 10-1 failed, in accordance with the permit agreement, Granite Construction will replace the water supply infrastructure located at the quarry. Gold Gulch facilities continue to operate reliably without Tank 10-1, but restoring system redundancy is a priority. While this site is being restored, the fencing approved by the board in June will be deferred. Staff will contact Valley Paving for a bid on multiple road repairs throughout the community. Staff completed all CCR distribution and certification requirements and coordinated with DDW and the BSK Associates lab to resolve a reporting error.
  Total gallons of water produced from wells in June: 1,074,150; gallons used or lost in regular operations: 29,440; gallons delivered to shareholders: 905,346; gallons lost: 139,364 or 13.3%.
  Asked about the loss rate, Knutson said that 10 – 15% is normal for the industry and can be attributed to unknown leaks and imperfect meters. In response to a question about Tank 10-1, he said that Granite will probably replace it with polyethylene. There followed a discussion of the need for fencing on all well/tank infrastructure.
  There was further discussion of operating procedures and tracking hours followed by the suggestion that these topics be revived during budget planning. Directors were reminded that they can send questions directly to managers via email for more clarification.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No Report.
- Recreation Committee: No Report.
- HR Committee: report agendized on executive agenda.
- Road & Safety Committee: No Report.
- Rules Committee: No Report.
- Finance Committee: see New Business item #2
- Strategic Planning Committee: No Report.
- Community Fire Prevention Committee: No Report.

NEW BUSINESS:

1. Discussion: **Consolidate Committees and Draft Charters**. D. Pattillo suggested that, in view of an apparent stall in committee activity, advisory committees could be reviewed with attention to how committees are chartered and staffed, how to use committees more efficiently, and how to get more community involvement. Discussion included reference to the Company Bylaws, which stipulate that each committee has a chair and that minutes are to be recorded for every meeting. Various ideas were shared about the value of the advisory committees, how they should be staffed, how to involve more community members, and the possibility of consolidating disparate but interrelated committees, for example making Water, Roads, and Fire into one committee. It was noted that the issue of committees might be less important than Strategic Planning, which should inform the 2027 Budget that the Board will take up beginning next month. Wagner said that she will email the Board about which committees are populated by which directors and shareholders; directors can respond with ideas/ questions.

2. Discussion/Action: **Ratify Finance Committee Investment Decisions with LiveOak Bank**; Wagner reported that she and the Finance Committee decided to move invested reserve funds from Liberty Bank, which was earning only 1%, to LiveOak Bank, whose interest rate, at about 4%, is comparable to the Treasury's rate. In

discussion, it was explained that there are no penalties for early withdrawal and that LiveOak Bank is highly rated and publicly traded.

C. Kelly moved that the Board ratify the investment of Reserve and CIP funds in Live Oak Bank. The motion was seconded, and the motion carried with six directors voting yes and one director abstaining.

3. Discussion/Action: **Office Key for the Recreation** Committee**.** Wagner explained that the Recreation Committee requested an office key for such event as Movie Night. There was discussion of the sensitivity of materials in the office, and for that reason the consensus was to deny the request for an office key for the Recreation Committee. A Board member will have to be present to open the office for such events.

4. Discussion: **Presentation on Board Member Roles and Responsibilities** (HR Committee): P. Gonda gave a presentation on board member Roles and Responsibilities. He gave background on the context in which this presentation was developed. The power point presentation, which is accessible on the Company website, outlines processes and best practices, as well as collective and individual responsibilities.
   There was considerable discussion of the required roles and responsibilities of the Board and the limits of authority for individual directors. Directors were reminded that they were not to interfere directly with operational processes. The Board's role is to set policy. In a hypothetical situation where there is a complaint about an employee, for example, rather than inserting the topic into a public meeting or engaging directly with the employee in question, a director should start by communicating with the General Manager and copy the Board president. If the GM and president agree that action should be taken, the matter can be referred to the HR Committee and/or agendized for Closed Session. Gonda said that he is willing to do another presentation on Ethics at a future meeting.

5. Discussion: **Board of Directors Compensation**. Pattillo introduced the topic of compensation for board members, reminding those present that a shareholder raised the issue at the Annual Shareholders Meeting. One director spoke unreservedly in favor of the idea, arguing that it would incentivize involvement and acknowledge the contributions of board members, while others were ambivalent or opposed to the idea, citing the cost to the Company at a time when many shareholders feel burdened by their annual assessment. A reference to the bylaws clarified that only board officers were eligible for compensation. It was suggested that the issue be agendized for the August meeting so that the Board can vote on it.

Meeting adjourned to closed session at 8:37pm.

Reconvened to open session to report that, in closed session, there was discussion and that actions were taken on employee compensation and road repair.