

Minutes
Forest Lakes Mutual Water Company
Board of Directors Meeting In Person and On-line
April 14, 2026 - 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

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

Meeting was called to order at 7:01 by P. Gonda. Also present were Managers S. Wagner and B. Knutson; Directors D. Dondero, M. Grasso, C. Kelly, and D. Pattillo; and Shareholders, C. Baraskas, B. Chapy, L. Dennis, B. Gooding, and L. West. Absent with notice, W. Baer. Note also one vacancy on the Board of Directors.

ADDITIONS/DELETIONS TO AGENDA: Added to the minutes only, #8 under “New Business” describes an action taken by the Board in an emergency email meeting.

SHAREHOLDER/PUBLIC COMMENTS:

- B. Gooding spoke about the need for community engagement, better channels of communication, and clarification of the role of operators when interacting with residents.
- Forest Lakes Firewise and Safety Association Update. There was no report directly from Firewise, but a board member reported that he encountered a Firewise volunteer assessing trees for possible removal.

APPROVAL OF MINUTES:

Two errors were identified in the minutes of the March 10th meeting of the Board.

There was a motion to approve the minutes of March 10, 2027 as corrected. The motion was seconded and the motion carried by unanimous vote of the five board members present.

COMPANY REPORTS:

Financial Report: Manager Wagner reported on Company finances. As of March 31, cash on hand: \$1,750,965.01; Revenue: \$664,048.37; Expenses: \$240,455.47; Income: \$423,592.90. Reserve totals, \$456,437.71. CIP funds, \$335,074.99. There were no new overages. There were questions and clarifications about liquidity and a question about tracking progress, comparing previous year’s numbers to current year, and Wagner said that she could make that part of the Financial Report every month.

A motion to approve the financial report was made and seconded. The motion carried by unanimous vote of the five directors present.

Administrative Report: Wagner summarized activities and developments in Administrative and Office Operations, Billing and Financial Administration, Staffing and Human Resources, and Shareholder and Community Interactions:

- The transition to QuickBooks online is complete and has made work more efficient.
- More shareholders are using online bill pay, and feedback has been positive.
- An internet connection has been set up at the Corporation Yard for the Operations staff, which helps workflow and keeps the shared space at the office free.

- Assessments have come in steadily, with one outstanding assessment due.
- The five lifeguards from last year have been invited back. Once they respond, there can be more general outreach if necessary.
- The Google Voice number for Forest Lakes has improved response time.
- Insurance policies are effective as of April 1st or April 20th. As expected, there were increases in premiums: for auto 4.28%, and for excess liability 8.5%.

Discussion followed the report. There was discussion of next steps for collection of the unpaid assessment. Kudos were offered to Wagner for improvements in administrative systems. Also, P. Gonda suggested that Wagner send out as soon as possible a call for candidate statements for the upcoming election of Board Directors, as there are four seats open this year. Wagner said that she would send out the call by the end of the week.

Operations Report: Manager Knutson reported on Water Operations.

Overview: System operations in March remained stable. No service interruptions occurred during the month, and system demand remained within typical seasonal ranges.

Knutson reported the following specifics:

- There was a break-in/theft at Well 10A, which is situated outside the FL service area. (This issue is agendaized under “New Business.”)
- Equipment was replaced at the Scenic treatment plant
- Monitoring for PFAs showed that levels at Well 4C slightly exceeded the State’s notification level. For all other wells, PFAs levels were not detectable. (This item is also agendaized under “New Business.”)
- Approval was granted for redesigns of Scenic Tank replacement, using poly tanks to reduce cost.
- Quotes will be sought for a replacement generator for Gold Gulch, to be agendaized for May meeting.
- Roadwork has been listed, and Knutson will meet with Valley Paving. An exposed service line on Pool Road will be added to the Roadwork. He will bring bids to the Roads Committee.
- The electronic annual report has been completed, submitted to the State, and is pending review.

There were questions and discussion about the process for contracting Roadwork. A fieldtrip for the Roads Committee was suggested.

Asked about production numbers, Knutson reported that total water production from the wells in April was just over 1 million gallons. Subtracting our known unmetered use, production was just under at 994,000 gallons, with 849,253 metered gallons to shareholders. The loss rate was 14.6%, back to normal range.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No report.
- Recreation Committee: The egg hunt went well, and the reservoir is ready to fill.
- HR Committee: No report.
- Road & Safety Committee: No report.
- Rules Committee has met and is working on a proposal to switch the default plan for paying assessments to the Monthly plan, with the option of paying with a single payment.
- Finance Committee has met, and issues are agendaized under “New Business”
- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: No report.

NEW BUSINESS:

1. Discussion/Action: **Purchase of a New F250.** Knutson reported again that the Company needs a new F250 truck or equivalent. After this topic was raised at the March meeting, the Finance Committee raised concerns about the cost, timing, and the need for additional due diligence. Considering the precarious condition of the old truck, Knutson requested approval for purchase of a new truck with a not-to-exceed budget.

There was considerable discussion among board members and shareholders about the need and the cost. Because the purchase of a new truck is not in the 2026 budget, Wagner proposed financing through the end of the year and paying off in 2027. The cost of financing for 7 or 8 months was estimated at anywhere between \$1,600 to \$2,800 in interest. There was lengthy discussion of where in the budget the funds might come from to purchase a truck outright and avoid interest. Wagner agreed to do more analysis. The question before the Board was the spending threshold.

There was a motion to approve the expense of a new truck not to exceed \$60,000 including all fees and taxes, and the additional comparative analysis consistent with staff's recommendation. The motion was seconded and the motion carried with four "yes" votes and one abstention.

2. Discussion/Action: **Fencing around water infrastructure** : Knutson explained the need for fencing around Well 10A where, as mentioned in the operations report, there was a break-in a few weeks ago. This well is one of two located off FL property, near the quarry. The person who broke in through the door stole a propane tank. The door has been fixed, but a fence is needed to more effectively secure the infrastructure at Well 10A. A quote from last summer came in just under \$4,000.

There was a motion to allocate \$5,000.00 to fence off Well 10A. The motion was seconded, and the motion carried by unanimous vote of all Board members present.

3. Discussion/Action: **Food Truck Allowance for Annual Shareholder Meeting:** Wagner said that feedback from the community on the Food Truck at the Annual Shareholders Meeting last year was positive, and she proposed to engage the same company this year, reducing the number of people from 100 @ \$20/person to 75 @ \$20/person.

A motion was made to approve the cost of the Food Truck for the Annual Shareholders Meeting, not to exceed \$2,000.00. The motion was seconded, and the motion carried by unanimous vote of board members present.

4. Discussion: **Use of AI Policy:** Wagner gave an update on the Rules Committee's work on developing a policy for use of Artificial Intelligence in Company business. She outlined possible limitations to be placed on the use of AI, namely prohibiting the entering of sensitive, confidential, financial, or personal identity information, allowing instead the input of public information only-- service ID numbers or any material posted on the Company website, for example. Wagner said that the committee is working to develop a draft policy to be ready for review and approval at the May board meeting.

5. Discussion: **Advanced Metering Infrastructure (AMI) Implementation.** Knutson proposed to begin a slow rollout of a new metering system which would improve accuracy and timeliness of water use measurements. He described several advantages of the AMI over the current mechanical, manually monitored metering system: AMI could send alerts of excessive use and of

leaks; provide real-time production and water-loss reports; and collect data much more readily than the two water operators can collect by reading meters manually. Installation of 326 AMI meters would cost, including a 10% contingency for incidentals, about \$144,000, but the rollout would spread that cost over three or four years. There is also an ongoing cost of \$1.03 per month per unit for a cellular connection, or \$4,000 per year once all the meters are installed. Since the meters currently in use are reaching the end of their lives, he proposed replacing any failing meter with an AMI device.

There were some questions for clarification and a request for analysis comparing the option of replacing existing meters with similar devices to the proposed option of replacing them with AMI.

6. Discussion: Late Payment Fee Structure for Assessments: Wagner reported that the Rules Committee reviewed the current billing, and based on the review, “prepayments” (payments in excess of monthly minimum intended by shareholder to count for the next month’s payment) do not align with how the billing system is articulated, and it creates an unnecessary burden on staff. Shareholders who do not pay the assessment in full are required to meet the monthly minimum payment each billing cycle. This policy is clearly written in the statement that gets sent every month to shareholders paying monthly.

The Rules Committee recommended that the Company clarify to shareholders that additional payments don't replace or satisfy any future monthly obligations; rather, payments in excess of the monthly minimum are credited to the remaining balance, resulting in the potential to pay down the total sooner. For any month that a minimum payment is not made by the due date, the shareholder will be charged a late fee. Wagner stressed that this is not a change of policy but, moving forward, an enforcement of established policy.

After questions and clarifications, there was general support among board members for the recommendation of the Rules Committee to alert shareholders to the fact that a minimum payment is due each month from those on the monthly payment plan.

7. Discussion: PFAS Update: Knutson described the discovery of PFAS [polyfluoroalkyl substances] in Well4C. The State now requires that domestic water supplies be monitored for PFAS. The threshold for *reporting* PFAS is 4.0 nanograms per liter, but the State has yet to establish a threshold for safety. PFAS are a group of chemicals used in products like non-stick cookware, waterproof materials, and food packaging; they are known as “forever chemicals” because they break down very slowly. The water from Well4C contained slightly over the 4.0 nanograms per liter. Out of an abundance of caution, staff took the Well4C off line; it accounts for only 5-10% of system production. There were no PFAS detected at all in any of the rest of the system. Knutson notified all relevant government agencies, and staff will continue, as always, to monitor water quality closely.

There was considerable discussion of what is known about these chemicals and about the need to get information about the situation to the shareholders and explaining that Well4C has been taken off line.

8. Action: From an emergency email meeting of the Board: Filling the treasurer vacancy on the board.

After a brief exchange including review of Company policies, P. Gonda moved that, following the resignation of treasurer Matt Baptista, we assign treasurer duties to vice president Chris Kelly per bylaw VIII to fulfill the role of that board officer position until a new treasurer can be appointed following the June 7 board member

election and subsequent board officer appointments immediately following the annual shareholders meeting. The motion was seconded and approved on March 25th without dissent.

It was noted for the record that this action is a temporary delegation of Treasurer duties, not a full officer appointment.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION at 9:15pm.

RECONVENE TO OPEN SESSION to report that action was taken on two Excessive Use Appeals.