

Minutes
Forest Lakes Mutual Water Company
Board of Directors Meeting
November 11, 2025 - 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. Shareholders are welcome to attend all public session meetings in person or via Zoom.

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:01 p.m. by President P. Gonda. Also present were Directors W. Baer, M. Baptista, D. Dondero, M. Grasso, C. Kelly, and D. Pattillo; General Manager S. Wagner and Operations Manager B. Knutson; and shareholder committee members L. Dennis and L. West.

ADDITIONS/DELETIONS TO AGENDA: None

SHAREHOLDER/PUBLIC COMMENTS: There were no public comments, and there was no update from Forest Lakes Firewise and Safety Association.

APPROVAL OF MINUTES:

- Minutes of October 14, 2025 Board Meeting
There was a motion to approve the minutes of the Board Meeting of October 14, 2025, public session. The motion was seconded, and the motion carried without dissent.

COMPANY REPORTS:

- **Financial Reports:** GM S. Wagner reported on Company finances. As of October 31, Cash on hand: \$1,277,940.88; Total Revenue through October 31: \$984,330.15; Total Expenses through October 31: \$717,165.84; Net income as of October 31: \$267,164.31. There was one new overage.
Wagner reported that she set up a new investment account with Treasury Direct and is waiting for authorization to transfer funds from/to Liberty Mutual, which might take six weeks. In the search for an accountant to conduct independent review of Company books, she decided on a CPA based in San Jose.
There was a question about removing former GM Cortez's name from the Company account. It will take 12 months to have her name removed from the account, at which time the Wagner will close the account.
- **Operations Report:** Ops. Manager B. Knutson reported that operations were stable throughout the month of October. Staff performed standard inspection and maintenance tasks; replaced well 3A/3B backwash line; completed eight USA 811 utility locate requests for excavation notifications, and completed required monthly water quality samples. There were no customer complaints or after-hour responses in October.
Knutson said that he met with Granite Construction staff to assist with their groundwater monitoring program. He also met with Granite's new plant manager to discuss replacement of the iron/manganese filter at the Gold Gulch facility.
There was a question about ownership of Company equipment housed on Granite property. Knutson responded that Granite is obliged by the terms of their permit to provide the equipment, but FLMWC owns it.
Total water produced from wells in October: 1,031,714 gallons. Water used: 35,050 gallons for known unmetered uses; 824,357 gallons distributed to shareholders (metered). Water

loss: 172,307 gallons, or 17.3%. There was discussion about how the Company calculates water loss and what accounts for high loss rate. Wagner pointed to the wide range of loss rates for the year to date, from 11% to 20.5%. Knutson said that aging meters probably need to be replaced, which is a costly process.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No report.
- Recreation Committee: D. Dondero reported on next steps for algae abatement and shade structure. He will call a meeting of the Recreation Committee before the Board Meeting in December.
- Road & Safety Committee: Wagner reported that there was an email meeting. See item 1 under New Business.
- Rules Committee: No report.
- Finance Committee: This committee met. See item 2 under New Business.
- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: No report.

NEW BUSINESS:

1. Discussion: **CIP Project Update Roads.** B. Knutson presented a chart prioritizing Capital Improvement Projects, including status, projected years for completion, and funding for some of the projects. He said that the Road and Safety Committee will meet to prioritize the road projects listed, and that once he has been on the job for an entire cycle of seasons, he will be able to make a more informed evaluation of needs and priorities.
Wagner mentioned roads with noticeable need for repairs—Fern, Lakeside, and Scenic—and noted the importance of facility roads in accessing water infrastructure. Gonda suggested prioritizing projects first for 2026-2030 and then for 2030-2035.
2. Discussion: **Budget 2026.** S. Wagner reported that, according to her calculations, an extra 5% increase in the shareholder assessment would help fund Capital Improvement Projects. There was considerable discussion of the proposal to add an extra 5% to the assessment totaling an increase of 10% for one year only, returning to %5 annual increase going forward (2027), and discussion of how to prepare shareholders for the increase. The board was reminded that the Company is underfunded for critical infrastructure/capital improvements, and reserves should not be used for capital projects. There was discussion of levying the extra 5% increase through a special assessment targeting the Scenic tank replacement, a project that is necessary and overdue. There was consensus that the Company maintain the baseline increase 5% and add a special assessment, expressed in a dollar amount, to cover capital improvement, i.e. the Scenic tank replacement.
There was further discussion of the move to define reserve categories in the budget. Wagner pointed out several refinements in the new draft budget, including a distinction between an Operations Budget and a Capital Budget.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION 8:21

RECONVENE TO OPEN SESSION at 9:05 to report that action was taken on a Truck Policy for On-Call Operators.