

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting December 14, 2021 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

This meeting will be conducted by video/teleconference. Shareholders are welcome to attend all public session meetings via Zoom.

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:04 p.m. by President D. Wade. Attending: Directors Davidson, Dennis, Gonda, Mobley, Wade and West. Absent with notice: Dir. Maskolunas. Staff: General Manager Cortez. Shareholders: S. Hector, C. Barauskas, R. Overmire, S. Knoepler.

ADDITIONS/DELETIONS TO AGENDA: None.

SHAREHOLDER/PUBLIC COMMENTS: None.

APPROVAL OF MINUTES:

Dir. Davidson moved to approve the minutes of the both the November 9, 2021 and November 11, 2021 Board meetings. Dir. Dennis seconded. Motion passed.

COMPANY REPORTS:

- Financial Reports:

Cortez reviewed the November financials. Cash on hand at beginning of month, \$642,221.06. Operations accounts: \$218,106.08; designated reserve accounts, \$372,509.74; total cash on hand at end of month, \$590,615.82. Income through November 30: \$704,412.25; expenses through November 30, \$750,644.13. This includes expenses which have been covered by the SBA loan and are not offset by revenue. Net income: \$-46,231.88. The deficit is due to the expenses funded by the SBA loan.

Expense accounts with overages remained the same.

We have operated without the need to draw on reserves in 2021.

Dir. West moved to approve the financial report; Dir. Dennis seconded. Motion passed.

- Operations Report:

System production totals: All wells 926,925 gal compared to last month's production of 1,049,145 gal. Loss rate: 11.4%.

There were 2 system leaks. There were no after-hours call outs. Average shareholder use: 80.3 gpd.

The electrical and backwash of the replacement tank was completed; tank now in operation. DWSAP [Drinking Water Source Assessment and Protection] was completed and all test results for Well 4C have been received. SWRCB has assigned the well a pending ID number and all paperwork/permit applications will be submitted to them for approval to operate.

The approved project to replace the failing culvert on Scenic was completed. Staff continue numbering, clearing, and installing trash racks on culverts. A hazardous redwood tree and 3 dead oaks were removed at tank 5.

Estimate received from Abacherli Fence for repair of fence at the lake. Insurance adjuster has issued payment. Awaiting scheduling of the repair.

Carter Hayes of Waterways Consulting is in process of answering the final questions about the permit for the Scenic slide repair.

Extension request has been emailed to SBA staff replacing our SBA rep, who has retired.

National Tank Outlet did not meet their contractual obligations to provide the board-approved tank which was purchased and paid for on 7/30/21. Because of this failure, Cortez requested that the order be cancelled and all funds credited to the account used to purchase the tank. Another tank has been ordered from Mountain Feed, exact cost not known but is expected to be about \$1000 less.

ADVISORY COMMITTEE REPORTS:

- Water Conservation Committee [combined with Water Committee]: The majority of shareholders are doing very well. Water use has decreased for 3 months in a row. Shareholder Burnett suggested that a positive message be sent to shareholders, commending them for successful conservation of our water resources, as well as a post on Facebook.

Director Mobley asked about whether a suggested reduction of the 250 gpd standard had been considered. Dir. Gonda said his understanding was that the committee will take up the question again.

- Recreation Committee: “Pie in the Park” was fun and may be done again. The Christmas party was a great success, with many families and kids attending. Thank you to the Rec Committee and a contribution from the Davidson family! A speaker was purchased for this and future events. Great turnout.
- HR Committee: TBD in executive session
- Road & Safety Committee: Did not meet.
- Rules Committee: Committee met and members each took a topic to work on, as follows: Wade, hazardous trees and vegetation; Davidson, appeals process; Mobley, excessive use rules. Mobley will connect with Davidson with intent to bring back to January board meeting.
- Finance Committee: Unable to meet.
- Strategic Planning Committee: See under “New Business.”
- Community Fire Prevention Committee: Point person Maskolunas being away, to be continued to January agenda.

NEW BUSINESS:

- **Discussion/Action item**: Required resolutions to adopt 2022 Section 125 Premium Only Plan: This is the annual renewal of the plan that allows employee contributions to benefits to be deducted pre-tax. Dir. West moved that the Board resolve to adopt the resolutions specified on page 30 of the Board packet pursuant to the Certificate of Resolution for Section 125 Premium Only Plan for Plan Year ending 12/31/2022. The motion was seconded and passed.
- **Discussion/Action item**: Altamount easement and emergency fire road: Cortez reported that a first review reached a dead end with no conclusion other than that the entire road be surveyed to establish markers on existing maps. This would be enormously expensive. Therefore, she raised the question that if there is clear evidence that a driveable road did exist, and was closed only due to the slide, and if each parcel deed located along the original Altamount Dr. had either an easement or a right of way, would these facts combined with our 1925 agreement and later rights of ingress/egress be substantive evidence to give FLMWC the legal right to maintain the road in whatever manner might be necessary, including allowing the fire department to create a fire road? She then pulled all of the deeds at the County and had a phone conference with Counsel. As legal fees for this had previously been capped, Counsel has not reviewed all of the deeds and agreements but said that if these were the facts, it would seem reasonable and a survey would not necessarily be needed. She did say that if this moved forward, FLMWC would likely have to take responsibility for maintaining the road to whatever degree necessary for emergency access.
The next step might be to talk with the fire departments [CalFire, Felton Fire] to see if they would be willing and able to complete a fire road if legal right were established. It appears that they could not build a fire road on private property w/o the owner’s permission. We would have to be sure that legal right was established. There might well be owner who do not want the road rebuilt, even as an emergency fire road. It is important to know what the fire departments would be able to do if legal right is established.
Dir. Wade noted that former Dir. Smith-Berdan’s conversations with CalFire suggested they might be supportive. Dir. Dennis suggested conversations start at the Chief level: Chief Armstrong at CalFire and Chief Gray at Felton. FFD does not maintain fire roads; this is normally a CalFire function.
- **Discussion/Action item**: 2022 budget: The draft budget in the packet has no revisions from the draft reviewed at the November meeting. There is a 3% rounded increase in the annual assessment and a \$50 increase to the unimproved parcel fee. Late fees have been added back into the budget following their having been waived in 2020. The monthly billing fee was increased from \$6 to \$8. Payroll items will be discussed in the Executive session. There was extensive discussion about the monthly billing fee. Dir. Gonda moved to approve the budget as presented; Dir. Dennis seconded; motion passed.
- **Discussion/Action item**: Strategic Plan: Cortez suggested sending the plan to shareholders by email and asking for comments. Gonda will place it on the January Board agenda and write an email to go to shareholders with the Plan as a PDF attachment. He will ask that shareholders respond by email directly to him.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The public portion of the meeting was adjourned at 8:26 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The meeting was reconvened at 9:52 p.m. to report that the Board had made a decision regarding a holiday acknowledgement of employees' service in 2021.

MEETING ADJOURNED: The meeting was adjourned at 9:55 p.m.