

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting On-line Meeting
March 12, 2024- 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

This meeting was 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 7:01 p.m. by President P. Gonda. Attending: Directors Baer, Dennis, Gonda, Linstrum, Wade, West. Joining late with notice: Dir. Kelly. Staff: General Manager Cortez. Shareholders: B. Davidson, S. Greco, A. Vlautin. [Dir. Kelly joined at 7:15 p.m.]

ADDITIONS/DELETIONS TO AGENDA: None.

SHAREHOLDER/PUBLIC COMMENTS:

- Forest Lakes Firewise and Safety Association Update: FLFSA liaison S. Greco spoke about the RCD chipping program. Firewise has secured a 3/26 sign-up date for this. FLFSA is working on an in-person work session; those who want to participate will need to sign a form. Info about the program will be placed on social media. FLFSA is putting together a FAQ sheet to post. The group will reach out to Forest Lakes for assistance with email blasts, and will work with Dawana. Updating the grant status, Greco said that a forester has identified and prioritized areas needing work. CalFire will submit an info packet to the grant committee. FLFSA will probably select Lewis Tree Service for the work, but won't know outcome of grant until next month. FLFSA is putting together a three year plan; one goal is to increase social media presence including the number of people using the FLFSA Facebook page.

APPROVAL OF MINUTES:

- Minutes of February 13, 2024 public session meeting: A motion to amend the minutes of the February 13, 2024 public meeting by deleting the last sentence of the Water Committee report was seconded and approved with one abstention by a director who was not present at that meeting. A motion to approve the amended minutes was seconded and passed with 6 "aye" votes and one abstention.

COMPANY REPORTS:

- Financial Reports: General Manager Cortez presented the February, 2024 Financial Summary as follows: Cash on hand January 31, \$1,366,962.46; cash on hand February 29, \$1,399,909.76. Income through February 29: \$604,770.49. Expenses through February 29, \$124,289.50. Net income as of February 29: \$480,480.99. Overages exceeding \$250: Line item 510: Electricity--\$319.58 over budget due to rate increase, some of which was accounted for in the 2024 budget but was impossible to fully calculate. #510: Water testing--\$330 over budget due to time of completion of initial testing for well 4C. This was the final quarter for mandatory additional testing. #882: Facilities repair and maintenance--\$873.04 over budget due to costs related to the office septic tank.
In compliance with our investment policy the following investments were made:
2/6/24: Invested \$300,000.00 in 4-week treasury bill. Auction results 5.28%, funded 2/13/24. \$1232.00 interest upon maturity.
2/21/24: Invested \$300,000.00 in 4-week treasury bill. Auction results 5.285%, funded 2/27/24 \$1233.17 interest upon maturity.
2/27/24: Invested \$250,000.00 in 4-week treasury bill. Auction results 5.285%, funded 3/5/24 \$1027.64 interest upon maturity.
Reinvestment of funds in short term treasury bills currently provides the highest return. Short term, staggered investments ensure that there is sufficient cash on hand in case of emergency.

A motion to approve the financial report for February, 2024 was seconded and passed by unanimous vote.

- Operations Report: Per Cortez: Production in February was 876,070 gals. There were 5 excessive users, 2 of which were customer leaks. Loss rate was 19.4%. There were several losses between January and February due to power outages

resulting in the draining of tank 10 and overflow of tank 8. Tank 10: 15,000 gals remains full, and is storage between Granite and FLMWC. When the power goes out at 10D and we are unaware that power is off, water is still being supplied through tank 10. However, once it is drained it must be refilled for storage. The water is metered leaving the well, so is included in production but not used by shareholders so therefore shown as a loss.

Staff worked to fill potholes and assure culverts were clear and functioning. Staff met with Valley Paving to review the sites needing attention that are beyond the scope of our staff.

Staff discovered a live electric line on the ground between the yard and tank 10. They contacted PG&E and the line was replaced.

Dir. Wade commented that some of the new pothole mix may be failing, and suggested it might be helpful to get a product rep out. Dir. Gonda noted that some of the temporary fills on Scenic have washed out. Cortez said that the office is aware, and has obtained estimates for repair of the severe potholes.

Dir. Kelly asked for an explanation of how power failure relates to increased water loss rate. Cortez explained that produced water has to replace stored or served water. In answer to Dir. Kelly's question about what other locations would be subject to this situation, Cortez said that 10 is the only one.

Questions about the loss rate will be discussed at the committee meeting. Cortez will follow up.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: Did not meet.
- Recreation Committee: Dir. Wade reported that there will be an "abbreviated" Easter Egg hunt. The committee is asking for donations of candy and help filling the eggs. There is a plan to do a lake cleanup when the weather is good. As noted last month, the committee suggests planning activities for the annual meeting day that would increase community engagement and family participation. There will be an event for the lake opening; a movie night will be scheduled; and the group is considering coordinating a picnic in the park with FLFSA.
- HR Committee: Will report in Exec Session.
- Road & Safety Committee: To meet later this month; waiting for engineering reports.
- Rules Committee: No report.
- Finance Committee: Needs to reschedule the Financial Review which was cancelled due to illness.
- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: Did not meet. Dir. Wade stated that he had received detailed information about what to do if your insurance is cancelled. He will forward this info to the Board and to FLFSA liaison Greco.

NEW BUSINESS:

1. **Discussion/Update:** Approval of View Drive tree removal estimate: An existing FLMWC water main runs downhill through 1722 View. This water main is currently on the surface. The property owner asked about the possibility of our moving the exposed line. FLMWC contacted Jim Walters regarding replacing the water line. Mike Rocco met with staff on site and his determination was that they could not move or replace the water line without the tree being removed. The property owner was seeking an estimate for the removal of other trees on his property and reached out to FLMWC to see if we would like a quote for removing that tree. That estimate is found on page 9 of the board packet: See item number 2 on the estimate. The cost for removal is \$2,600.00. Cortez believes that during removal we would shut down that line as a means of protection, should there be any damage to the line during tree removal, so removal would have to be coordinated with FLMWC, and would take place in one day. Supervision by the shareholder would be recommended to assure that care is taken when working near the water line. Cortez recommended that FLMWC approve the removal of the tree as it currently threatens, and would continue to threaten if not removed, FLMWC's water main. Payment would be made to Huerta's.
In discussion, it was noted that the tree presents a threat to our water main. The line being above ground, a falling branch could result in line damage, with potential erosion on the property. The tree is an old Douglas fir nearing the end of its lifespan and if it fell, it would rip up the line. If the tree is removed, and the removal goes as planned, the timeline to fix or replace the line would depend on whether it can be buried. If buried, FLMWC staff would do that.
A motion to approve the estimate from Huerta's in the amount of \$2600 was seconded. The motion carried with 6 "aye" votes and one "no."
2. **Discussion/Update:** Board candidacy recruitment plan: Dir. Gonda has drafted but not yet sent an email to shareholders encouraging people to run for the Board. Draft of proposed email is pending review.
3. **Discussion/Update:** 100 year Anniversary: Cortez emailed shareholders asking them to share memories and history of Forest Lakes. She has received two replies to date. Dir. Gonda noted the importance of not losing sight of the battles we've fought, and the emphasis the Strategic Plan has placed on remaining independent. Dir. West summarized the results of her

visits to the San Lorenzo Valley Museum, conversation with the director of the SLV Historical Society, and on-line research at the public library. Perhaps poster boards could be created from some of the materials available. Dir. Linstrum noted that there is a lot of lore about area. Continue to keep on agenda.

4. **Discussion/Update:** Review engineers' options for Scenic tanks and approval of preferred plan option: Cortez stated that we may not be ready yet to decide, but this is a good opportunity to discuss the options and costs of each. There are four types of tank option: poly, welded steel, bolted steel, and glass-fused bolted. The report from C2G Consultants Group was reviewed, noting the pluses and minuses of each type, including cost, durability, ease of installation, maintenance, flexibility of more storage is needed, and resilience to damage. Tank size options were also discussed. Questions emerging from discussion included the following: Do we know other water companies who have experience with these types of tanks, and the reasons for their choice/s? Are there legislative trends on the horizon regarding new requirements [e.g. for storage]? What are the site constraints? Can we site a 40K tank?
To be continued. Cortez to f/u with SVWD regarding their choices.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The Public Session was adjourned to Closed Session at 8:30 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The open session was reconvened at 9:57 p.m to report that the following actions were taken:

- A Shareholder's excessive use appeal was addressed
- Action was taken regarding the compensation of an employee
- Action was taken regarding a Simple IRA for staff
- A Shareholder's appeal was addressed.

MEETING ADJOURNED: The meeting was adjourned at 9:58 p.m.

Pete Gonda, President

Louise West, Secretary