

Public Minutes
Forest Lakes Mutual Water Company
Board of Directors Meeting In Person and On-line
May 12, 2026 - 7:00 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: P. Gonda called the meeting to order at 7:01. Also present were Managers S. Wagner and B. Knutson; Directors W. Baer, D. Dondero, M. Grasso, C. Kelly, and D. Pattillo; Shareholders M. Ball, C. Baraskas, B. Chapy, L. Dennis, B. Gooding, C. Sprague, and L. West. Note that there is one vacancy on the Board of Directors, and that all six of the remaining directors attended this meeting.

ADDITIONS/DELETIONS TO AGENDA: Knutson asked to delete "New Business" #4, and Gonda asked to add the topic of Inhouse Financial Review.

SHAREHOLDER/PUBLIC COMMENTS

- B. Gooding spoke of the need for clearer pathways for shareholder engagement and suggested that the website 1) provide contact information for lead Board members on each committee, and 2) post dates for committee meetings. Gonda acknowledged the need for more clarity and said that the increased interest among shareholders means that avenues for involvement need to evolve while maintaining appropriate boundaries between the Board's oversight role and the staff's operational role. Knutson said that any questions about roads or operations can come directly to him.
- C. Sprague said software is available for public interface, such as Trello, which would provide a pathway for shareholders to participate remotely. He said that a tool like Trello would also improve transparency and accountability, and it would build trust in the Company's processes. He said that he is willing to come into the office to show Wagner the software.
- M. Ball said that she attended the meeting because she wanted to be more present, noticed that she was listed as a member on the Recreation Committee and curious to know about what is happening with improvements to the park.
Gonda again acknowledged that processes for community involvement need to evolve.

APPROVAL OF MINUTES

After two errors were identified, there was a motion to approve the Minutes of April 14, 2026 as corrected. The motion was seconded, and the motion carried by unanimous vote of all Board members present.

COMPANY REPORTS

- **Financial Report:** S. Wagner reported on Company finances. As of April 30, cash on hand: \$1,704,905.82; Total Revenue: \$708,447.34; Total Expenses: \$286,474.54; Net income: \$421,972.80. Reserve Total: \$456,437.7. CIP Funds Total: \$335,074. There were no new overages. There was an observation in reference to the spreadsheet showing 2025 next to 2026, that interest income is down from this time last year. There was a brief discussion of options for enhancing interest income consistent with investment policy, and of formatting of meeting materials.

A motion to approve the Financial Report of May 12 was made. The motion was seconded, and the motion carried by unanimous vote of all board members present.

- **Administrative Report:** Wagner reported on Office Operations, Billing and Financial Administration, Staffing and Human Resources, and Shareholder and Community Interaction.

- She said that May was steady from an administrative standpoint. QuickBooks Online is functioning well, and general office workflow has been smooth. Heading into the busier season, with the election coming up, the office is well-positioned to handle the workload. Candidate statements are due Friday, May 15th.
- The May billing cycle proceeded without issues. The one delinquent assessment reported at the April meeting was paid.
- Wagner shared ideas for accommodating shareholders who want clearer processes of participation on committees and solicited ideas from the Board.
- Because of low water level, the lake may not open for swimming this year, and shareholders have expressed concern. Staff is monitoring conditions closely.

There were questions, explanations, and discussion about the slow filling of the reservoir and the possibility of not being able to open it for swimming. Sarah explained that the Company is not allowed to block flow entirely. Knutson said that it might be possible to adjust the flow, remaining within the permitted allowance, increasing the chances of filling the lake by the May 31 deadline. The Board was reminded of the necessity to adhere to restrictions attached to the permit that allows us to dam the creek because our Fire Protection Reservoir is a rare exception to the law prohibiting disruption of riparian habitat. But the goal is both to meet the requirements of the permit and to open the lake.

- **Operations Report:** B. Knutson reported on Company operations. He said that system operations during April remained stable, no major service interruptions occurred, and system demand remained within expected seasonal ranges. He summarized developments in Maintenance and Field Work, Source Operation and Water Quality, Planning and Engineering, Roadwork and Maintenance, and Administrative and Regulatory Compliance.

Total Water Produced from Wells: 1,025,840

Total Unmetered Use: 30,140

Total Water Produced from Wells - unmetered use: 995,700

Total Water Metered to Shareholders (used): 779,310

Total Water Produced from Wells - unmetered use (pumped): 995,700

Water Loss (used vs. pumped) in gallons: 216,390

Water Loss (used vs. pumped) as a percentage 21%.

There was discussion of repairs to water infrastructure on Lakeview and of the April production numbers.

ADVISORY COMMITTEE REPORTS

- Water Conservation and Water Committee: No report.
- Recreation Committee met yesterday and talked mainly about the lake. There was also discussion of the shade structure at the park, and Dondero plans to restart the permit process with the County, hoping to agendize if for June Board Meeting. The committee also discussed future events, such as movies and Halloween.
- HR Committee: No report.
- Road & Safety Committee: No report.
- Rules Committee: see agenda item #1 under "New Business."
- Finance Committee: see added agenda item #4 under "New Business."
- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: No report.

NEW BUSINESS

1. Discussion: **AI Policy.** Wagner presented a draft policy, developed in consultation with the Rules Committee, for use of AI in Company administration. The policy includes these caveats for staff and Board members: human users 1) are still responsible for verifying accuracy and completeness, 2) must verify consistency with policies and governing documents within Forest Lakes, and 3) must comply with laws. Also, AI must not be used for any of the following: 1) to make final operational or policy decisions, 2) to circumvent Board authority, or 3) to handle any confidential matters. Wagner said that the AI tool is only for inhouse operational use. She will not input any personal or confidential information. She will use Service ID numbers, which are not traceable to individual shareholders.
There was discussion of potential uses, the need to protect confidentiality, the distinction between researching laws (acceptable) and seeking legal opinions (unacceptable), and the need to begin with FL rules and regulations. Suggestions were made for refining the policy with language prioritizing FL governing documents and with clarification of terms. Wagner said that she would edit the policy and bring it back to the Board next month for approval.
2. Discussion: **Annual election update.** Wagner said that there are four seats up for election. She was still waiting for candidate statements. P. Gonda announced that, after ten years serving on the Board, he will not be running again. There was discussion.
3. Discussion: **Shareholder meeting update:** Wagner described preparations for the Annual Shareholders Meeting on June 7th. She has engaged the services of the same food truck that provided lunch last year. She proposed a 50/50 raffle to raise money for the Recreation Committee and booths for all the various committees to encourage shareholder participation.
- ~~4. Discussion: Scenic tank redesign update (Knutson)~~ Deleted from agenda
4. Added to the agenda: **Inhouse Financial Review.** Gonda reminded the Board of the discussion at the March meeting of the Board practice of conducting a review of financial records yearly. He briefly described the process Board members undertake to verify and provide oversight to Company financials. The question posed was whether the Board should schedule an Inhouse Financial Review.
There was considerable discussion of how to deal with the unwillingness of local certified professionals to conduct the external financial review that is required yearly by the State. The inhouse review would serve the Company, but it would not satisfy the State. Some suggestions were made for finding a certified professional who is willing to conduct a review. L. Dennis said she would reach out to the CPA who was recently engaged by Felton Fire.

Public Meeting adjourned at 9:01.

Reconvened to open session to report that there was discussion in Closed Session, but no actions were taken.

Devon Pattillo, President

Winnie Baer, Secretary