

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting On-line Meeting
May 10, 2022 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

This meeting was conducted by video/teleconference.

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:02 p.m. by Vice President Gonda. Attending: Directors Davidson, Dennis, Gonda, Maskolunas, Mobley, West. Absent with notice: Dir. Wade. Staff: General Manager Cortez. Shareholders: A. Dominion, C. Barauskas.

ADDITIONS/DELETIONS TO AGENDA: Cortez asked to delete the Discussion/Action item regarding repairs to Willow Way.

SHAREHOLDER/PUBLIC COMMENTS: None.

APPROVAL OF MINUTES:

- April 12, 2022 public session meeting: It was moved, seconded and passed to approve the April 12, 2022 minutes.

COMPANY REPORTS:

- **Financial Reports:** Cortez provided the financial report for May, 2022, noting the following: Cash on hand April 30: \$963,564.29; Cash on hand May 31, \$941,326.79. Income through May 31: \$600,800.29; Expenses through May 31, \$206,185.00. Net income as of May 31: \$394,615.29. Overages were noted; the only new overage was for a replacement pipe locator. There should be no impact relative to the annual budget. Updated budget projections for 2022 were provided. Dir. West moved to approve the Financial Report: Dir. Dennis seconded. Motion passed.
- **Operations Report:**
System production was 937,175 gal compared to last month's 955,616 gal. There was one service line leak and one minor main leak. Loss rate was 13.9%. There was one after-hours call out. There were 6 excessive users. Staff continues clearing fuel sources around infrastructure and portions of Altamount. Paving was completed on McLellan and Lakeside by the park. Staff installed flashing lights on truck and removed and built a new name sign at Lakeside/Fern. A culvert leak at Lakeside was repaired and work on the roadway there will be completed.

ADVISORY COMMITTEE REPORTS:

- **Water Conservation and Water Committee:** Committee members Wade, Burnett, Maskolunas and Cortez and discussed water conservation stages. The Committee recommended approval of the 5 stages as written, and that the approved document be referred to Rules Committee to discuss proposed measures, conditions, and appropriate stages according to conditions. Rules to review and update the Excessive Use policy, which is on that committee's agenda.
- **Recreation Committee: Update:** There will be an emergency preparedness event with potluck in the park on 5/15.
- **HR Committee:** Report in Executive Session
- **Road & Safety Committee:** Did not meet, but will schedule meeting ASAP to discuss project on Willow Way.
- **Rules Committee:** Did not meet.
- **Finance Committee:** Did not meet.
- **Strategic Planning Committee:** Nothing to report
- **Community Fire Prevention Committee:** Forest Lakes FireWise now has \$1100 in donations; will need more to qualify to apply for grants. Working on MOU to submit to Board. Neighborhood fuel load reduction activities noted in the community as shareholders prepare for the chipping project.

NEW BUSINESS:

- **Discussion/Action item:** Revision of water conservation stages:
Cortez described the Committee's effort to establish an appropriate structure for conservation stages. Information from other local agencies was used to compare. It was noted that if every connection in Forest Lakes used 300 gpd, the system would be unable to cope. In revising the currently defined stages, the committee looked to structure reductions that would more gradually control use.

After discussion, Dir. Dennis moved to approve the stages proposed by the Committee. The motion was seconded and passed. The new stages will now go to the Rules committee to work on billing and fees.

- **Discussion/Action item: Internal audit report:** Dir. Gonda summarized the results of the audit conducted by the internal audit committee on 4/30/22. **What was audited:** Recording of accounts receivables, check accounting, expenditures, debit card expenditures, credit card and charge invoices, shareholder records and payment history compared with accounts receivable; active insurance policies and QuickBooks General Journal entries. **Findings:** The review found that FLMWC's financial records are well managed, in good standing, meet generally accepted accounting guidelines and have good controls over the process. Reviewers found no material errors or omissions. It was noted that insurance certificates provided by contractors do not list FLMWC as an additional insured and did not include policy endorsements that extend coverage to the company. Also, the review did not include verification that ACH payments are posted properly to Business Checking, which was a recommendation made last year by the internal audit committee. The transparency and accuracy of record keeping was noted. **Recommendations:** [1] Next audit to include verifying that ACH payments are posted properly to Business Checking. (This recommendation reflects the increase in ACH payments for recurring charges.) [2] Next year's audit to verify that insurance certificates identify FLMWC as an additional insured, and include the appropriate policy endorsements. Dir. West moved to approve the findings of the internal audit committee; Dir. Dennis seconded. Motion passed.
- **Discussion/Action item: . Shareholder appeal process:** Dir. Davidson presented a draft a form for Excessive Usage Fee appeals. He noted that shareholder names are not included on the form, providing anonymity when the appeal is reviewed by the Board in Executive Session. After discussion, Dir. West moved to approve a revised version of the submitted draft, the revision to replace the last sentence in the "Appeals Policy and Process" section with the following: "The Board will consider all the facts and render a decision." Dir. Dennis seconded the motion. Motion passed.
- **Discussion/Action item: Altamount update:** A memo provided by Dir. Wade summarized his efforts to locate a title researcher. One private title researcher, Jim Weller, responded. Mr. Weller estimated the cost to FLMWC to be approximately \$2000, possibly more if FLMWC's situation proved to be "ambiguous." Given that title research is a key factor in determining our rights along Altamount, Dir. Wade recommended that the Board authorize the expense. Discussion followed. GM Cortez indicated that the request would fit in the current budget. Dir. Maskolunas moved to approve the expense in the amount of \$2000; Dir. West suggested a NTE amount of \$2500 given that Mr. Weller indicated the possibility that a more complex situation could arise. The original motion was then amended to authorize an expense NTE \$2500 for the title searches. Dir. Davidson seconded. Motion passed.
- **Discussion/Action item: Board election and Annual Shareholder meeting assignments:** As neither Dirs. Moblely nor West can be present for the June 5 annual shareholder meeting, tasks will need to be shared among those who can be there. Plans were made. Additionally, it was decided that officer election will take place at the June Board meeting prior to opening the public session.
- **Discussion/Action item: Lake opening/lake opening events:** Cortez will pick up food and related items for the BBQ. Assistance from the Rec. Committee needed to facilitate everything that will be needed.
- **Discussion/Action item: Hiring per diem maintenance workers for needed work:** Dir. Maskolunas asked if outside help could be hired to help clear around the water tanks in order to be ready for fire season. In discussion, it was learned that no specific amount has been budgeted for this, but that regular staff is working weekly on fuel load reduction. Additionally, further clearing around some of the tanks is not feasible due to their location. Suggestions and questions about topics other than the specified agenda item were referred to the Community Fire Prevention Committee for further research, planning and budgeting.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The open session was adjourned to Executive Session at 8:10 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The Open session was reconvened at 8:50 p.m. to report the following action item: In order to protect employees and shareholders, and to follow current CDC guidelines for quarantine, full pay for time off up to 10 working days was approved for any employee with Covid-19, said pay not to be deducted from the employee's PTO reserves. An employee policy will be drafted accordingly.

MEETING ADJOURNED: The meeting was adjourned at 8:55 p.m.

Louise West, Secretary

David Wade, President