

Minutes
Annual Shareholders Meeting
1:00 p.m., Sunday, June 7, 2026

- A. 12:00 p.m.—**Food truck, Raffle and Committee information.** Food was provided by Santa Cruz Eatery. Tickets were sold for a raffle featuring donated prizes, proceeds to benefit the Recreation Committee. There was also a booth with information on committees and on the Felton Fire initiative.
- B. 1:00 p.m. – **Call to Order/President’s Welcome/ Flag Salute.** The meeting was called to order by Pete Gonda at 1:02 p.m. Gonda thanked the assembled shareholders for their attendance and led the flag salute.
- C. **Introduction of Current Board Members.** Current board members were introduced: Dave Dondero, Devon Pattillo, Winnie Baer, Marc Grasso, Chris Kelly, and Pete Gonda. Gonda reminded shareholders to vote by 1:30.
- D. **Remarks by Board Candidates.** Devon Pattillo expressed gratitude for being part of the community and acknowledged successes as well as areas for improvement; Chris Kelly expressed his appreciation for the environment and mentioned the board’s mission of providing water to homes and ensuring financial solvency; Christina Barakas described her history with the community and encouraged shareholders to get involved; Ben Charpy said that he felt the need to join the community and be an active participant in making improvements; Chris Sprague described his professional expertise in technology as an asset needed on the board.
- E. **Questions for Candidates.** 1) There was a question about who is responsible for clearing brush on the sides of the roads, as uncleared brush presents fire risk and hinders access. There were various responses to this question including some clarification of the fact that Forest Lakes policy, which tracks with State and County code, assigns responsibility for clearing roadside brush to the homeowner. There were suggestions from candidates including work parties, an online forum, and a clarification to homeowners of their responsibilities vs. the role of the Company staff. 2) A shareholder suggested that board membership be incentivized monetarily to increase participation. 3) There was a question about the possibility of putting speed bumps on Lakeside in front of the office, followed by discussion of options for slowing traffic down in general.
- F. **Polls closed** after all were given the chance to vote.
- G. **Introduction of Staff.** Sarah Wagner introduced herself as General Manager. She expressed her appreciation for the community and identified herself as a local, raising her family in Ben Lomond. She reminded everyone of the raffle to benefit the Recreation

Committee. Brody Knutson, Operations Manager since July 2025, introduced himself as a local as well. He graduated from SLV High, is a certified Drinking Water and Treatment Specialist, and has been working in the domestic water industry for almost 15 years.

H. Financial Report. Interim Treasurer Chris Kelly gave the Company financial report:

Numbers all reflect balances as of May 31, 2026.

Cash on hand:	\$884,857.33
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State Mandated Reserves:	\$289,046.22
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Catastrophic Emergency infrastructure Loss Reserve:	\$86,807.07
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Source Development Reserve:	<u>\$80,584.42</u>
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Total Reserve Funds:	\$456,437.71
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Dedicated Capital Improvement Project Funds:	\$335,074.99
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Operating Fund Accounts:	\$884,857.33
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Financial Performance Year to Date:

Total revenue:	\$752,604.73
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Operating expenses:	\$336,543.22
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Net income:	\$416,061.51
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Kelly said that this record demonstrates solid management of Company resources during a period of significant operational transitions. He outlined Key Initiatives and Operational Updates (Technology Migration, Scenic Tanks Capital Project, Financial Review, and a search for a CPA for external audit); Investment Performance; and Long-Term Debt Management. He closed by stating that Forest Lakes Mutual Water Company remains in a strong financial position. Pete Gonda followed the report with comments about progress made toward achieving goals set out in the 2022-27 Strategic Plan for Reserves and Capital Projects Funds. The Company now has both an operational budget and a multi-year Capital Budget, so we can start projecting out our infrastructure needs.

I. Operations Report. Operations Manager Brody Knutson summarized major operational accomplishments and initiatives completed during his first ten months as Operations Manager. Major accomplishments include the production of approximately 13 million gallons of drinking water while maintaining reliable service to 327 shareholder connections, replacing distribution mains and booster pipelines, repairing leaks small and large, and maintaining uninterrupted service during the extended winter power outage despite a generator failure. Operations staff met all State mandated Water Quality and Regulatory requirements and submitted an Electronic Annual Report to the State Division of Drinking Water. After redesigning the Scenic tank replacement plan, Knutson expects the project to begin by the end of summer at a savings of thousands of dollars to the

Company. In the interest of Emergency Preparedness, management developed contingency plans for power outages, installed an emergency generator connection at Well 10D, researched replacement for Gold Gulch generator, brought Felton Fire chief to Forest Lakes to assess emergency access and wildfire resilience, receiving positive feedback. Knutson oversaw ongoing System Maintenance on the reservoir and on roads, drainage, and facilities throughout the system. Looking ahead, in addition to the Scenic tank replacement, staff will continue to do PFAS monitoring, improve backup power reliability, and explore upgrading metering system and telemetry for water facilities.

J. Questions and Comments by Shareholders. There were questions from shareholders about the generator failure and the Scenic Tank replacement, both mentioned in the Operations Report. There were questions and considerable discussion among shareholders, management, and the board about the cost of catastrophic readiness, and a reminder from Pete Gonda that there were no underwriters willing to insure FLMWC's water infrastructure. There followed a question about what happens to the Company in the event of a catastrophic event.

K. Election Results. Sarah Wagner drew raffle tickets and awarded prizes, and then she announced the results of the election. 104 shareholders voted. To fill the four vacant seats on the Board of Directors, the following candidates were elected: Devon Pattillo (incumbent), Chris Kelly (incumbent), Chris Sprague, and Benjamin Charpy.

Closing Comments: Pete Gonda said that it has been a pleasure to serve the community for almost ten years. He urged shareholders to keep in mind that Forest Lakes employs a very small staff, and it takes a lot just to keep things operating. There are two ways to bring issues before the board. Shareholders can attend a meeting with an idea or concern, and if it requires board action, it can be agendaized for a future meeting. Alternatively, a shareholder can speak directly to General Manager Sarah Wagner at the office, or via email or telephone. The board's role is to set policy, and staff's role is to carry out the operation.

As outgoing President of the Board, Gonda was presented with a Golden Faucet Award in gratitude for his decade of expert leadership.

Devon Pattillo, President

Winnie Baer, Secretary

