

Minutes  
Forest Lakes Mutual Water Company  
Board of Directors Meeting  
January 13, 2026 - 7:00 p.m.  
Public Session  
910 Fern Avenue, Felton CA

This was a hybrid meeting conducted in person at 910 Fern Ave. and by video/teleconference. Shareholders are welcome to attend all public session meetings in person or via Zoom.

CONVENE MEETING/ROLL CALL: This meeting was called to order at 7:01 pm by P. Gonda. Also present were Managers S. Wagner and B. Knutson; Directors W. Baer, M. Baptista, D. Dondero, M. Grasso, C. Kelly, and D. Pattillo; HR Committee members L. Dennis and L. West; and shareholders S. Hector and D. Wade.

ADDITIONS/DELETIONS TO AGENDA: Two items were added to "New Business": Ratification of expenses related to trucking water in during the power outage (becoming item 2); and approval of expense to haul additional water to Tank 6 (becoming item 5).

SHAREHOLDER/PUBLIC COMMENTS:

Forest Lakes Firewise and Safety Association Update: none

APPROVAL OF MINUTES:

**There was a motion to approve the minutes of December 9, 2025 Board Meeting. The motion was seconded, and the motion carried by unanimous vote.**

COMPANY REPORTS:

**Financial Reports:** S. Wagner reported on Company finances for the month of December 2025. Cash on hand on November 30: (\$1,251,706.39); Cash on hand as of December 31 (\$1,275,983.53); Revenue through December 31: (\$1,082,353.39); Total Expenses through December 31: (\$ 825,082.23); Net income as of December 31: (\$ 257,271.16). She said that Reserves of \$375,427.87 were invested in a 6-month CD with Liberty Bank, and CIP funds were left in a Money Market account. There were no new overages. She made some corrections to the spreadsheets in the Board Packet; announced that she switched to QuickBooks online; and, in response to shareholder queries, is considering accepting online payments but is waiting to find out about what the transaction fee will be to the shareholder.

Wagner will look at past practice for proposals of how to assign a tentative carryover of \$257k.

There was discussion of how to make responsible use of the carryover and what accounts for the figure. Again, the board was reminded that carryover is not surplus. The Company has an ongoing structural deficit. It was suggested that the carry over reflects less spending than budgeted, not extra money. The question of how to assign the carryover will be on the February agenda.

In response to a question, Sarah said that she would clarify headings in the budget.

**There was a motion to approve the Financial Reports. The motion was seconded, and the motion carried by unanimous vote.**

**Operations Report:** B. Knutson reported on Water Operations during the month of December 2025: System operations in December were impacted by a series of events occurring over the Christmas holiday period that placed additional stress on storage and production: a booster pipeline supplying Tank 5 failed; an extended power outage, beginning Christmas morning, delayed restoration of key production wells; and there was elevated system demand in Zone 2. Despite these conditions, service to customers was maintained throughout the month. Emergency measures were taken to stabilize storage, and the system was operating in a stable condition by month's end.

In addition to performing routine maintenance duties in December, including replacement of the air compressor at the Scenic Water Treatment Plant, staff worked through the holidays, including Christmas Day, to keep water flowing to shareholders: they fixed the booster line failure between Tanks 6 and 5; connected multiple portable generators to wells to maintain production during multiple power outages; increased field checks and monitoring; and cleared storm debris from culverts.

Management has established contingency plans for future storm-related threats to the system. Gold Gulch was pumping at about 150% of its normal rate due to leaks which have since been repaired. Tank levels are still recovering.

On December 26 about 30,000 gallons of water were hauled in to replenish tank 7, and another 53,000 gallons were hauled in on the 29<sup>th</sup> to help restore storage levels to normal operating range.

The generator that failed during the power outage has since been repaired.

The high estimated loss rate of 32% is due to leaks, some of which have since been fixed.

There were 7 excessive users.

There was discussion about where the leaks were and what repairs were made.

Knutson pointed out that several items under "New Business" address leaks in more detail, as well as other system vulnerabilities and possible solutions.

#### ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No report.
- Recreation Committee: D. Dondero reported that 14 people showed up in mid-December for the Lake cleanup and got a lot done. Silt has settled onto the bottom and the algae was on the mud, which complicated the process of removing the algae. A lot of it was left on the edge of the creek in hope that rains will pick up the remainder. It might take two or three seasons to see results. He suggested that the Company add a water spigot to the drinking fountain, as it would be helpful for lake cleanup. There was discussion about the timing of the draining of the lake.
- HR Committee: There is an item on tonight's executive session.
- Road & Safety Committee: No report.
- Rules Committee: No report.
- Finance Committee: No report.

- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: No report.

NEW BUSINESS:

1. Discussion: December 2025 **Christmas Power Outage and System Impacts**. Knutson described in some detail events that occurred over the holiday impacting water operations, and he mentioned some effects that bled into January. On December 24<sup>th</sup>, Operations staff on call got a “low level” alarm for Tank 7. The booster line to Tank 6 had failed again. It was turned off immediately, which brought storage levels down in Tanks 7, 6, and 5 to below standard. A power outage started four hours later, Gold Gulch generator failed, and system storage got “pretty low.” The combination of these and other factors led Managers to the decision to purchase water to be delivered (See #2 and #6 below). The system has still not recovered fully in the second week of January. Yesterday, January 12<sup>th</sup>, to locate a significant leak in Zone 2, Knutson walked the entire line (three miles including the steep climb up Scenic) and found the leak when he detected the smell of chlorine coming out of a culvert. Operations staff fixed the leak at the location.  
Knutson said that, given the importance of the generator at Gold Gulch and its likely cost, he has chosen *not* to outsource the repair of the Tank 6–5 booster line, which was estimated at \$80K, but to keep that project in house.  
There followed discussion, with board members generally expressing support for Management’s handling of “a perfect storm” of crises.
2. (added item) Discussion/Action: **Ratification of the Expense Associated with Hauling Water**. Having sent email notification to the Board on December 29<sup>th</sup>, Wagner reminded the Board of the emergency purchase of water from the local company Pure Water Plus. There was brief discussion of the details and the process by which the decision to purchase water was made, with general agreement that the actions taken were necessary to keep the system operating.  
**There was a motion to ratify the payment to Pure Water Plus of \$9,050.00 for 83,000 gallons of water delivered. The motion was seconded, and the motion to ratify carried unanimously.**
3. (was item #2) Discussion: **Generator Strategy for Gold Gulch Facilities**. Knutson explained the inadequacy of the generator at the Gold Gulch facility: the generator is not sized appropriately for the demand placed on it, and it is very reliant on staff, needing manual operation. It will suffice for the time being, but the Company should aim toward replacing it with a better unit.  
There was a question and reply about how much of the facility relies on the generator. There was further discussion about options for ensuring a reliable generator. There followed wide-ranging discussion about infrastructure needs in the face of December’s system crises. Knutson said that he will investigate possibilities for new generator.
4. (was item #3) Discussion: **Realignment of CIP Priorities**. Knutson presented a revised list of recommended priorities for Capital Improvement Projects: 1) Replace the generator at Gold Gulch (see #3 above). 2) Install telemetry throughout the system. Remote Telemetry Units will enable staff to be more proactive in preventing system failures. 3) Water storage at the top of Ferrari is separate from the rest of the system, and its capacity is large enough to provide considerable backup when needed. Replacing one valve would make it possible to leverage the surplus. 4) Complete an intertie with SLV Water sooner rather than later. The

state requires the intertie by 2028, but if it had been in place, an intertie would have helped during the constellation of crises that staff and management faced in December. 5) Redesign the Scenic tank replacement project to reduce cost. And 6) Explore options for overcoming topographical challenges to a booster line to Scenic.

There was brief discussion and a consensus of agreement with the new priorities.

5. (added item): **Purchase Additional Water to Fill Tank 6.** Wagner and Knutson explained that it will take a few weeks for the system to recover volume. To hasten recovery, they proposed engaging Pure Water Plus, again, to deliver water to tank 6 at an estimated cost of \$6,000. There was brief discussion.

**A motion was made to approve up to \$7,000 for hauling water to tank 6 to make sure we are reaching full capacity. The motion was seconded and approved by unanimous vote.**

6. (was item #4). Discussion/Action: **Addressing misinformation posted by shareholders on social media.** P. Gonda said that some comments on a community Facebook page (not the official FLMWC Facebook page) carried misinformation. He posed the question: Do these postings rise to the level of something we need to address?

In discussion, various ideas were shared. In the interest of transparency, an email to shareholders simply explaining the facts around insurability was suggested. After further discussion, the consensus was that, other than providing accurate information to shareholders, there was no reason to respond directly to the comments on the Facebook page.

Discussion tabled.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION at 8:44 pm

Reconvene to public session at 8:55 to report that there was discussion but no action taken in closed session.

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Pete Gonda, President

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Winnie Baer, Secretary