

Minutes
Forest Lakes Mutual Water Company
Board of Directors Meeting, March 10, 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: Meeting was called to order at 7:02 by P. Gonda. Also present were Managers S. Wagner and B. Knutson; Directors W. Baer, D. Dondero, M. Grasso, C. Kelly, and D. Pattillo; Shareholders C. Barauskas, L. Dennis, S. Hector, and L. West.

M. Baptista resigned from the board because of a work conflict.

Director M. Grasso, attending by Zoom from the east coast, left the meeting at 9:19 PDT.

ADDITIONS/DELETIONS TO AGENDA: P. Gonda asked that the Board vacancy caused by M. Baptista's resignation be added to "New Business."

SHAREHOLDER/PUBLIC COMMENTS

- S. Barauskas shared photo of area around Well 2 cleared of invasive broom.
- Forest Lakes Firewise and Safety Association Update: none

APPROVAL OF MINUTES

There was a motion to approve the minutes of the February 10, 2026, meeting of the board. 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 February 28th: Cash on hand: \$ 1,747,134.69; Revenue: \$ 619,609.65; Expenses: \$152,887.64; Net income: \$466,722.01. Reserve Total, including State-mandated reserves: \$ 456,437.71. CIP Funds Total: \$ 335,074.99. There were no new overages. Investments continue to be paused while transfer failures persist. There was discussion of the investment policy, which is agendized under "New Business," about liquidity of the Money Market acct., about transfer of reserve funds to CIP, and about various details in the budget spreadsheet.

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

- Administrative Report: Wagner reported that the transition to QuickBooks online is going well. The Company is now accepting ACH and credit card payments, and shareholders using this method of payment have voiced their appreciation. Wagner has arranged for telephone calls to the office to be forwarded to her personal phone after ringing twice. This will not make her personal phone number available to shareholders. Company documents have been uploaded to GPT for administration and board members to use for research. There were questions about the GPT, and a call for caution, and the suggestion that there should be a rule restricting the ways it is used for Company business. The matter was referred to Rules Committee.
- Operations Report: B. Knutson reported that system operations during February were stable. Following the significant leak experienced in January, system production and storage conditions rebounded well, and overall demand returned to typical seasonal levels. Ground

conditions remained saturated for much of the month, which delayed some minor distribution repairs, but no service interruptions occurred.

Knutson gave updates on the following operational activities: 1) Maintenance and Field Work, including the repair or planned repair of leaks on Sleepy Hollow Road, McKee Road, and Lakeview Drive; 2) Source Operation and Water Quality, noting that all active groundwater sources operated normally throughout February, and no water quality concerns were reported, though the generator serving the Gold Gulch failed again, and he is working on finding a replacement; 3) Planning and Engineering, including SLVWD Intertie Coordination, Scenic Tank Replacement Project, Ferrari Drive Supply Integration, SCADA System Expansion, and Meter Upgrades; and 4) Roadwork and Maintenance.

Water Production in February: 883,773 gallons. Unmetered use, including operational use: 71,569 gallons; Water distributed to shareholders: 796,192 gallons. Loss rate: 2%. There were four instances of excessive use.

There was some discussion about the wonderfully low loss rate. Knutson explained that measuring loss rate is an inexact science because of variables associated with manual meter reading and the irregular calendar, and he described how remote telemetry (RTU) would improve monitoring. He is investigating the possibilities of introducing RTUs to the operation in stages. In response to a question about testing for water quality, Knutson explained the process of testing and identified some of the impurities measured. There was further discussion of the Scenic tank replacement project, which is likely to be completed after a realistic redesign, replacing a single enormous steel tank with four polyethylene tanks. Knutson estimated that the redesign may also cut the cost of the project by half.

ADVISORY COMMITTEE REPORTS

In an aside, Wagner announced that several more shareholders have joined advisory committees: the Recreation Committee, Water and Roads Committee, and Fire Prevention/Hazardous Trees Committee.

- Water Conservation and Water Committee: No report.
- Recreation Committee: No report.
- HR Committee: No report.
- Road & Safety Committee: No report.
- Rules Committee: Gonda will replace Baptista on Rules to discuss GBT and Excessive Use.
- Finance Committee: See "New Business"
- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: No report.

NEW BUSINESS

Added agenda item: Resignation of M. Baptista leaves a vacancy on the Board of Directors.

Since Baptista was the Board treasurer, Gonda asked for a volunteer to serve as treasurer for the three months remaining before the Annual Shareholders Meeting. D. Pattillo volunteered to be Treasurer pending a check of the bylaws and an online meeting. It was proposed that VP C. Kelly assume check-signing duties, and Pattillo review account activity as well as an online meeting to discuss.

Original Agenda for New Business

1. Discussion: **SLV Intertie Update.** Knutson reported that he met with SLV Water District to discuss the "intertie" that the State requires by 2028. SLV Water has granted FLMWC permission to install an Emergency Service Connection at Hwy 9 and Lakeview Drive. In the event of a water emergency within the Company service area, Forest Lakes staff could open

the connection which would supply water to Tank 2. Knutson recommended that, eventually, a booster be installed so that upper tanks could also be filled; meanwhile, having Tank 2 filled would relieve stress on the rest of the system in an emergency. FLMWC would pay for any water supplied by SLV Water. There was considerable discussion of the purpose, risks, and benefits of the connection. Knutson said that the connection will be operable only by FLMWC exclusively for the purpose of providing water to the FL community in case of a FLMWC operations failure. The connection would include backflow protection which would prevent FL water from flowing into SLV pipes. It will be a 100% one-way system, activated by FLMWC only in an emergency.

2. Discussion: **Purchase of a New F250**: Knutson described the decrepitude of the primary Company work truck and presented the case for purchasing a new truck to replace it, possibly keeping the old one as backup. He proposed financing the purchase until the next budget cycle and then paying it off next year. He provided a rough estimate cost of \$65,000 plus tax, registration fees, and insurance. He said that the truck is the most important tool an operator has. There was considerable discussion of the situation, the dilapidated condition of the old truck, the cost of the new, and the need for a reliable vehicle. There was discussion of the unplanned expenditure, also of other alternatives, such as leasing or finding a used truck. The consensus was that managers will study the options, provide more details to the Finance Committee, and if necessary, call for an emergency email meeting of the Board to seek approval for any purchase.
3. Discussion: **2025 Annual Internal Financial Review**. P. Gonda described the Internal Financial Review as an arduous process undertaken by management and board members to check financial records for accuracy. Gonda said that, while the State requires an external financial review of Company financials, it is not clear whether the internal review is required. Long-time Finance Committee members contributed to considerable discussion of past practice and of the needs of the Company beyond the external review completed last January. After discussion, Gonda suggested that rather than management and Board members reviewing Company financials, a professional consultant, not necessarily a CPA, could be hired to review the books. There was general agreement that this was a good idea, so Gonda and Wagner will take steps to hire a consultant to review Company financials.
4. Discussion: **Late Payment Fee Structure for Assessments**. Wagner described the many variations among shareholders' payment habits. The lack of regularity and uniformity in the payment process requires a level of administrative labor that is onerous. There was discussion, including the statement that the Finance Committee recommended that payment options be restricted to two methods: 1) pay assessment in full by the due date, or 2) pay eleven monthly installments, as calculated, when they are due. Failure to meet a due date would result in a late fee. It was then stated that there was some disagreement in the Finance Committee with the proposal. After discussion, the consensus was to refer the matter to the Rules Committee.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION. 9:19pm
RECONVENE TO OPEN SESSION at 10:31pm to report that action was taken in closed session related to seeking legal counsel for a financial matter.

Pete Gonda, President

Winnie Baer, Secretary