

**MINUTES**  
**Forest Lakes Mutual Water Company**  
**Board of Directors Meeting On-line Meeting**  
**February 13, 2024- 7:00 p.m.**  
**Public Session**  
**910 Fern Avenue, Felton CA**

**This meeting was conducted by video/teleconference. Shareholders are welcome to attend all public session meetings via Zoom.**

**CONVENE MEETING/ROLL CALL:** The meeting was called to order at 7:01 p.m. by President P. Gonda. Attending: Directors Baer, Dennis, Gonda, Wade, West. Absent with notice: Dirs. Kelly and Linstrum. Staff: General Manager Cortez. Shareholders: S. Greco

**ADDITIONS/DELETIONS TO AGENDA:** None.

**SHAREHOLDER/PUBLIC COMMENTS:**

- Forest Lakes Firewise and Safety Association Update: FLFSA liaison S. Greco noted that the first step toward using grant funds was employing a forester to conduct an assessment. FLFSA members and the forester conducted a walk-through; the forester is drawing up a map showing at-risk areas. This can be used to seek bids for the work that will be needed. The plan is to concentrate on one area. This will make it easier to show visual results and apply for further grant funding. FLFSA has obtained insurance; this will help with recruitment of volunteers. FLFSA is waiting for 2024 official Firewise approval; application was submitted last week. The association is updating its website and pulling information from other Firewise groups. Greco answered a question about the first FLFSA fundraiser, and indicated that a second event was cancelled but one may be planned for March.

**APPROVAL OF MINUTES:**

- Minutes of November January 9, 2024 public session meeting: A motion to approve the minutes of the December 12, 2023 public meeting was seconded and passed with 4 “aye” votes and one abstention by a director who was not at that meeting.

**COMPANY REPORTS:**

- Financial Reports: General Manager Cortez presented the January, 2024 Financial Summary as follows:  
Beginning cash on hand: \$915,300.17; ending cash on hand, \$1,366,962.46. YTD income: \$542,295.11, with YTD expenses of \$79,071.27. Net income YTD was \$463,223.84. There were no overages to report.  
In compliance with our investment policy reporting, a \$300,000.00 4-week treasury bill was purchased on 1/9/2024, followed by purchase of a \$200,000.00 4-week bill on 1/30/24, with interest rates of 5.29% and 5.28% respectively. Interest earned at maturity will total \$2055.66.  
A motion to approve the January, 2024 financial report was seconded. The motion passed by unanimous vote to approve.
- Operations Report: Production was 939,031 gals. Because of the recent storm, meter reading was not completed; usage and loss report will be reported at the March meeting. A sample tap at 1340 Lakeside was turned on by someone and left open. Running water was reported by a shareholder out for a walk. The tap was turned off and the handle removed. This will contribute to the loss rate. Two dual fuel generators of the same make and wattage as being used at Scenic, the booster, or Well 4 were purchased. These are regularly \$1799 + tax but were on sale for \$1599 for a total of \$3485.82. These additions allow for operation of all wells and FLMWC facilities during power failures. In addition, at Cortez’s request, Granite Construction purchased and delivered two additional generators of the same type to power their wells. This meets the new SWRCB requirements regarding power generation.  
The 10 year old well sounder failed; a replacement was purchased for \$1505.00. This device is required to monitor static and dynamic well levels. 3A/3B filter plant test results have improved with changes to operational procedures including running of the wells for a brief period Mon – Friday and backwashing on Friday’s.  
Repaired leaks on the office septic line twice. Each time one area is repaired another fails.  
Staff cleaned and placed reflectors on Quarry Road edge at culvert; planted redwood trees in the Quarry Road culvert area as part of the CDFW riparian mitigation requirement. RCD and Waterways engineering gave final approval of the construction of the Quarry Road culvert. We will watch the culvert and road edges as water moves through the area to assure that water movement will not impact the solidity of the project.

Staff filled multiple potholes and cleared multiple culverts and roads and is testing a new asphalt product which can be used in wet areas. Thus far it seems to be working well. Staff removed a fallen tree on Redwood and cleared a slide on Scenic.

#### ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: Dir. Wade reported that committee members met and discussed the Quarry wells: Are we fully utilizing quarry water? Dir. Kelly volunteered to conduct an analysis regarding operating costs. We do need to know what the quarry must provide to FLMWC. It was noted that with Deana now licensed, we might be able to blend quarry water and achieve some savings. This will be explored further.
- Recreation Committee: Dir. Wade reported that the committee is discussing an Easter/Spring festival. It would be something simpler this year than last, involving at least an egg hunt and maybe an appearance by the Easter Rabbit. The committee is also weighing joining with the Board to work on the annual shareholder meeting, and wondered if this event could be more family-friendly, with increased community engagement. Having tables for committees to discuss opportunities to volunteer was one idea, as was selling tee shirts.
- HR Committee: Will report in Exec Session.
- Road & Safety Committee: To meet this week.
- Rules Committee: No report.
- Finance Committee: Committee met; Cortez will report in New Business, Item 3. Also, the committee scheduled the annual Financial review for Saturday, March 9, 2024.
- Strategic Planning Committee: No report.
- Community Fire Prevention Committee: Dir. Wade has located some useful information about other communities' efforts. Shareholder/liaison Greco noted that FLFSa is trying to organize a volunteer cleanup effort in lower Forest Lakes and will need permission slips from some shareholders.

#### NEW BUSINESS:

1. **Discussion/Update:** Planning for FLMWC's 100<sup>th</sup> anniversary: On 2/13, 2025 FLMWC will celebrate its 100-year anniversary. With that in mind, we are beginning to discuss ways to celebrate and memorialize the occasion. There are still resident families who are descendants of original property owners, and other who have been residents since the days of dances and bingo nights in the park. A letter has been drafted to shareholders to let them know of this milestone, and to encourage them to consider this as an opportunity to share stories and history with the community. Some ideas that have been discussed include having a book put together to sell, along with other merchandise such as tee shirts, mugs, water bottles. As the actual anniversary date would be in a usually rainy month, the possibility of using the Felton Community Hall was mentioned. Dir. Dennis noted the current exhibit at the SLV museum on the Gold Rush era, and provided the name of Lisa Robinson as someone who could help search records. Dir. West volunteered to f/u at the museum.
2. **Discussion/Update:** Board candidacy recruitment plan: Four directors' terms are expiring. An email to shareholders has been drafted to encourage people to run for the Board. Dir. Gonda pointed to opportunity to show shareholders how this fits with the Strategic Plan's emphasis on maintaining FLMWC's independence and assuring continuity of the business: we want to develop potential board members.
3. **Discussion/Update:** Designation of 2023 carryovers to reserve accounts: By way of background, Cortez noted that at the end of 2022, there was a budget deficit due to paying for part of the Scenic slide repair. Our capital reserve funds were used to cover the deficit while we sought additional funds. We did get those funds in 2023. She noted that the investment policy, aided by increasing interest rates, resulted in \$20,119.61 interest earned in 2023. Cortez reported that 2023 carryovers were discussed at the Finance Committee of 1/16/24. Carryovers, after deducting 2024 assessments deposited in 2023 and deducting contractor final payment for Quarry Road culvert project which could not be released until 2024 total \$177,578.87  
After the Scenic slide funds were replenished, the budget shows \$169,411.00 as capital improvement/catastrophic loss reserves as of the end of 2023. Required emergency reserves were \$174,943.48. Source development reserve, including 2023 commitment: \$50,584.42. Emergency reserves and source development reserves are currently invested in a one-year treasury bill which will mature in March, adding \$10,000+ in interest earned.  
After discussion the finance committee agreed to designate the following carryovers to reserve accounts: \$439.00 will be designated for recreation. This is the amount budgeted in 2023 but which was not used by year end. An additional \$20,000.00 will be added to State required operational reserves to take into account PG&E and Water sampling cost increases which would be required operating expenses during the 6-month period reserves are meant to cover.

\$150,000.00 would be designated as Capital Improvement/Catastrophic failure reserves.

The remaining \$7,139.87 would be undesignated and used to cover expected PG&E increases/other unforeseen overages.

The Operational and Source development reserves will be reinvested upon maturity of the treasury bill, along with 2024's expensed reserves to source development and Redwood Road engineering.

Dir. Gonda noted the progress in closing the gap between expenses and increasing our reserves.

A motion to approve the designations of carryover funds as described was seconded. The motion carried by unanimous vote.

**PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION:** The Public Session was adjourned to Closed Session at 8:02 p.m.

**RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING:** The open session was reconvened at 9:28 p.m to report that the following actions were taken:

- Authorization to engage legal counsel to inform a response to a shareholder's request
- An excessive use appeal was addressed
- The annual reviews and compensation of two employees was addressed
- The engagement of a consultant and an associated scope of services for water operations was approved
- Communication to all stakeholders [Board members, staff, and shareholders] regarding succession planning for the General Manager position was approved.

**MEETING ADJOURNED:** The meeting was adjourned at 9:29 p.m.

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Pete Gonda, President

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Louise West, Secretary