Minutes
Forest Lakes Mutual Water Company
Board of Directors Meeting
In Person and Online Meeting
September 8, 2026, 6:00 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 and residents are welcome to attend all public session meetings in person or via Zoom.

CONVENE MEETING / ROLL CALL: This meeting was called to order by President D. Pattillo at 6:04. Also present were Managers S. Wagner and B. Knutson; Directors W. Baer, B. Charpy, M. Grasso, C. Kelly, and C. Sprague; and Shareholders C. Gaynor, T. Pink, C. Dominion, C. McCarthy, A. Baptista, S. Hector, L. Dennis, L. West, K. Keller, D. Kouliev, Tawnya Stapp, Katy Moyer, Monica, and Holly. Absent with notice: D. Dondero.

ADDITIONS / DELETIONS TO AGENDA: none

PRESENTATION OF AWARD
The "Golden Faucet" award was to be presented to Pete Gonda for a decade of service to the Water Company. Since Gonda was not in attendance, this item will be rescheduled for an occasion when Gonda can be present.

SHAREHOLDER / PUBLIC COMMENTS:
- A. Baptista asked if there will be a dog swim, and Wagner said that there can be a dog swim. Baptista asked about the early lake closure, and Wagner explained that the lake was closed for the last week before labor day because water had stopped flowing over the dam, so the water could not be tested.
- T. Pink said that, in the past, severe road damage has occurred because of failure of culverts, and he would like to see culverts on the agenda. He also suggested restoring the stop-and-go lights at top of Quarry because a slide on Lakeside could block traffic.
- C. Kelly suggested that there be a Communications Committee for outward facing communications from the Company.

APPROVAL OF MINUTES
Minutes of the August 11, 2026 Board Meeting.

> **D. Pattillo moved to approve the minutes for August 2026. The motion was seconded, and the motion carried with 5 yes votes and 1 abstention.**
> [Note: there were six Directors present for this meeting.]

COMPANY REPORTS

Financial Report: GM Wagner reported on Company finances. She referenced the spreadsheets and documents included in the Board Packet, some of which reflected modifications suggested by board members in the August meeting.
As of August 31, total liquid cash on hand: $300,346.78; total Revenue: $865,202.47; total Expenses: $ 530,308.66; net income: $ 334,893.81.
New overages: 0
Investments: Reserve Total: $ 465,194.76; CIP Funds Total: $ 278,389.27; Operating Fund Total: $ 503,087.28; Total Invested:$ 1,246,671.31

Total Interest Earned this period: $ 3,749.70
Board members acknowledged that the revised format of the financial report is helpful in tracking trends. Knutson pointed out that payments have begun on the Scenic Tank project.
There were questions about performance of investments, and Wagner said that the yields are better starting in August since funds were moved to Live Oak Bank.

> **C. Kelly moved to approve the Financial Report for August 2026. The motion was seconded, and the motion carried with five yes votes and one abstention.**

Administrative Report: Wagner gave an overview of Company administration, including Office Operations (Trello boards and the Google Forms on the website continue to work well for service requests and committee signups), Billing and Financial Administration (13 collection notices were sent for payments past due), Staffing and Human Resources (This summer's life guards did a good job), Board Member Certification (new Directors were reminded to complete the certification course and sign the FLMWC Code of Conduct), Shareholder and Community Interaction, and Insurance.
There was brief discussion of the past-due notices.
Wagner mentioned that, under New Business, directors would find a proposal for having the Company's external audit completed, as required by the State.

Operations Report: Knutson reported on Water Operations, saying that system operations remained stable throughout August with no significant service interruptions. Staff continued advancing the Scenic Tank and Tank 10-1 Replacement projects and completed required regulatory monitoring and reporting. He reported in detail on Maintenance and Field Work; System Improvements; Source Operation and Water Quality; Planning & Engineering; Roadway Maintenance; and Administrative and General Operations.
Knutson mentioned two items that are agendized under New Business: the new generator for the Gold Gulch Treatment Plant, and much needed roadway repairs to be contracted out.

There was brief discussion of revisions to the Scenic tank replacement project and how information about the project has been made available to shareholders mainly through Board Meeting Minutes.

ADVISORY COMMITTEE REPORTS

- Water Committee: Did not meet.
- Recreation Committee: B. Charpy reported that the Recreation Committee met and determined membership, discussed the possibility of creating a 501 account so that the committee can raise its own funds and include neighbors who are not shareholders.
- HR Committee: Met but no reports.
- Road & Safety Committee: Did not meet.
- Rules Committee: Did not meet.
- Finance Committee: Grasso said that there was a meeting of the Finance Committee and its proposed policy appears under New Business.
- Strategic Planning Committee: Did not meet.
- Community Emergency Preparedness Committee: Did not meet.
- Fire Protection Reservoir Committee: Did not meet.

NEW BUSINESS

1. (was item 7) Discussion/Action: **Consideration of Independent Human Resources Consulting Services**. Pattillo reminded the board of the suggestion made in an earlier meeting that the Company consider hiring an HR consultant. Doing so would not replace the Company's HR Committee but would help address some liability concerns, and it would provide a safe place for

reports to go as well as disinterested HR support. Wagner could look for a firm with expertise in small business. There was discussion of the proposal.

> **W. Baer moved that the Board direct the General Manager, in consultation with HR committee, to investigate the feasibility of retaining an independent third-party HR consultant, and to return to the Board with at least three possible firms, including estimated costs and scope recommendations, within 60 days. The motion was seconded, and the motion carried with six yes votes.**

2. (was item 1) Discussion/Action**: Committee Structure and Administration** (Pattillo and Directors)**.** Appointment of shareholders volunteering for membership on committees were approved as follows:

- **Water Committee:** C. Kelly moved to approve the appointment of M. Baptista to the Water Committee. The motion was seconded, the motion carried with six yes votes.
- **Recreation Committee**: C. Sprague moved to approve the appointment of A. Baptista, K. Keller, D. Kouliev, F. Elena, and T. Stamp to the Recreation Committee. The motion was seconded, and the motion carried with six yes votes.
- **HR Committee**: D. Pattillo moved to appoint Louise West to the HR Committee. The motion was seconded, and the motion carried with 6 yes votes.
- **Road & Safety Committee**: C. Kelly moved to appoint J. Ludinski to the Road & Safety Committee. The motion was seconded and the motion carried with six yes votes. [T. Pink was later added during discussion of roads.]
- **Rules Committee**: C. Kelly moved to appoint D. Kouliev to the Rules Committee. The motion was seconded and the motion carried with six yes votes.
- **Finance Committee**: M. Grasso moved to appoint C. McCarthy to the Finance Committee. The motion was seconded, and the motion carried with six yes votes.
- **Strategic Planning Committee**: M.Grasso moved to appoint M. Baptista to the Strategic Planning Committee. The motion was seconded, and the motion carried with six yes votes.
- **Community Emergency Preparedness Committee**: Pattillo moved to appoint C. McCarthy, G. Nordgrin, J. Lodinsky, and D. Keller to the Community Emergency Preparedness Committee. The motion was seconded, and the motion carried with six yes votes.
- **Fire Protection Reservoir Committee**: B. Charpy moved to appoint D. Kouliev to the Fire Protection Reservoir Committee. The motion was seconded, and the motion carried with six yes votes.

3. (was item 2) Discussion/Action: **Road Repairs: Review and Approve Bid.** Knutson referred to photos and estimates in the Board Packet for road work and made the case for engaging Wenger. There was some discussion of the difference between Valley Paving's higher cost ($47,925.) and Wenger's lower ($33,105.). Knutson explained that Valley Paving proposed restoring the substructure at one of the sites, but Wenger's assessment of that site was that the damage was superficial and could be repaired with a layer of pavement thicker than the one inch that was applied before. Knutson recommended the lower of the two bids. There was further discussion of these bids and of roads in general.

> **M. Grasso moved that the Board approve the bid from Wenger Paving for the road repair work as presented, in an amount not to exceed $33,105. The motion was seconded, and the motion carried with six yes votes.**

As a result of the discussion, Sharehholder T. Pink asked to be added to the Roads Committee. Pattillo reopened Committee Assignments.

> **C. Kelly moved to appoint T. Pink to the Roads Committee. The motion was seconded, and the motion carried with six yes votes.**

4. (was item 3) Discussion/Action: **Delegation of Authority Policy and Authority Matrix** (Grasso / Wagner). Grasso introduced a draft policy for defining management's authority to spend Company funds in the normal execution of their duties. He said that, up to this point, there has been an informal approach to the approval of expenses, and this policy can serve as a framework for what Knutson can approve, what Wagner can approve, and what must come to the Board for approval. He said that the policy can be modified as needed. This document is sized for a company with FLMWC budget and of its size. Wagner explained how the matrix would help to streamline processes.There was discussion, and Grasso reiterated that it can be adjusted after adoption.

   W. Baer moved that the Board adopt the Delegation of Authority Policy and accompanying Authority Matrix as presented, effective September 9, 2026, and direct staff to prepare any companion banking resolution necessary to conform authorized signers to the Authority Matrix. The motion was seconded, and the motion carried with six yes votes.

5. (Was item 4). Discussion: **Staff Oversight and Tracking Work** (Wagner) In response to requests for information about what the water operators do, Wagner referred to the Trello board, where staff keep track of tasks to do and tasks completed. She read a list of tasks essential to the delivery of clean water to households in the community. In answer to a question about more detailed estimate of hours for each task, Knutson said that he could fill in some of the gaps. There was additional discussion of the need for road repair.

6. (Was item 5). Discussion/Action**: Annual Financial Review**: Review and Approve Bid. After months of searching for a CPA willing to complete an audit of the Company's finances, Wagner referred to a bid in the Board Packet from a CPA, Zachary Pehling, who has agreed to complete the State-mandated annual external audit. He would begin with the 2025 audit, which would bring us into compliance with the state, and Wagner expects that he would continue to be available for future audits.

   M Grasso moved that the Board approve the bid from Pehling CPA to perform the annual financial review for fiscal year 2025, in an amount not to exceed $9,500, and authorize staff to execute the engagement letter. The motion was seconded, and the motion carried with six yes votes.

7**.** (Was item 6).Discussion/Action**: New Generator Purchase.** Knutson reviewed the unsatisfactory performance of the current backup generator at the Gold Gulch site and of Mountain Service Company that was supposed to provide support. He said that the Gold Gulch facility provides about 75% of the water flowing to households in the community, and when there is a power outage, the system relies on the backup generator to keep water flowing. He provided detailed information on the new unit he thinks will meet the Company's needs, a Generac Industrial gaseous engine-driven generator. Action is urgent because the manufacturer's lead time is 16 weeks. He estimates the cost of the unit, along with installation would be no more that $55,000, but with the 16 week lead time, the most urgent part of that cost is the unit itself at $39,100.

   C. Kelly moved that the Board approve the purchase of a new generator in an amount not to exceed $40,000, and authorize staff to complete the purchase and arrange installation. The motion was seconded, and the motion carried with six yes votes.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: 7:51
RECONVENE TO OPEN SESSION to report that action was taken only to approve the minutes.

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Devon Pattillo, President

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Winnie Baer, Secretary