

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting November 9, 2021 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA
On-line meeting due to COVID 19 Shelter-in-place order

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

CONVENE MEETING/ROLL CALL: The meeting was convened by President David Wade at 7:02 p.m. Attending: Directors Davidson, Dennis, Gonda, Mobley, Wade and West. Joining late: Dir. Maskolunas. Staff: G.M. Cortez. Shareholders: C. Barauskas, S. Hector, D. Morris

ADDITIONS/DELETIONS TO AGENDA: None

SHAREHOLDER/PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

- September 14, 2021 Board of Directors Meeting, Public Session
- October 28, 2021 Emergency on-line meeting

Director Dennis moved to approve both the September 14, 2021 meeting minutes and the October 28, 2021 on-line meeting minutes. The motion was seconded. Motion passed.

COMPANY REPORTS:

- Financial Reports: G.M. Cortez provided the October financial report, noting the following: Cash on hand on 10/1/2021 was \$706,641.11; end of month, \$642,221.06. Income through 10/31/2021 was \$695,057.76, against expenses of \$689,371.63. Net income through 10/31/2021 + \$5,686.13. There were no new overages to report. While expenditures are higher than budgeted, they include engineering expenses paid by the SBA loan totaling \$48,464.77; payment for the new well which was budgeted to use reserves in 2020; and the unbudgeted riparian mitigation expense of \$20,609.50. The Source Reserve CD matured on 10/28/21. The Finance Committee met and decided that given current interest rates and ongoing Covid 19 concerns, the Liberty Bank CD should be allowed to roll over. The \$10,000 budgeted to be added to this reserve account was transferred and the CD rolled over for 13 months.
- Operations Report: Cortez reported that production was 1,049,145 gallons; use was 895,900 gallons. The loss rate was 14.6%, likely due to unmetered water used to disinfect the new tank at the corp. yard and to flush culverts that needed clearing prior to winter rains. There were 4 excessive users, 2 due to shareholder leaks. Average use per shareholder was 84.5 gpd. Staff continued clearing, inspecting and renumbering culverts. A smaller diameter culvert on Quarry Road was found to be rotted and was beginning to undermine the road. Cortez met with Valley Paving and determined that the culvert could be sleeved with a smooth-wall HDPE culvert, allowing the same flow as the metal corrugated pipe. Project cost was \$1100, which Cortez authorized so that the project could be completed ASAP to assure there would be no road failure in event of heavy rainfall. The Scenic slide and Ferrari culvert were winterized. Staff cleared the ditch at the back of the park and repaired the sink hole. Work on plumbing the new tank was continued. The tank was filled, disinfected, tested, and received authorization to place in service. Electrical and backwash should be completed the week of 11/15-19/2021, and then the tank will be brought on line. Well 4 continues to be pumped. All water sampling for the well was completed.

ADVISORY COMMITTEE REPORTS:

- Water Conservation Committee: [This committee has been rolled into the Water Committee]
- Recreation Committee: Dir. Wade reported that the Halloween event was a huge success, and was very well attended. The next event will be "Pie in the Park," planned for Saturday, 11/20 at 10 a.m. There will be hot beverages. Notice to

go out to shareholders. The next meeting of the Committee will be 11/13/2021. There are tentative plans for a December event.

- HR Committee: No report
- Water Committee: No report
- Road & Safety Committee: No report
- Rules Committee: No report
- Finance Committee: See under New Business: 2022 Budget Draft Review
- Strategic Planning Committee: A draft copy of the 2022-2027 Strategic Plan was distributed to Directors, and will be discussed at the December meeting. Pres. Wade asked that all Directors study the document and be prepared to discuss it at the December Board meeting. Dir. Gonda, who prepared the draft, said that the goal is for the Board to review and discuss before submitting the plan for wider circulation.
- Community Fire Prevention Committee: Update: Dir. Wade said that a neighbor successfully applied for participation in the RCD chipping program, and expects that most of the costs to shareholders will be reimbursed. There was discussion about how communication about this project could have been expanded to include more shareholders. However, the time frame for assembling all the parts of the application was very limited and unfortunately this limited the group's ability to scale up.

NEW BUSINESS:

- **Discussion/Action item:** Hazardous tree report from arborist: Dir. West referred to the report from the Arborist, who found that the trees in question present a hazard, including to FLMWC as well as residents, inasmuch as that if/when they fall, the road could be taken out. This particular road is an important point of ingress/egress to many residents and shareholders. At present, there is no policy about what to do if a tree on private property threatens FLMWC facilities or infrastructure. This question was referred to Rules Committee for further discussion. Cortez commented that she learned, subsequent to a shareholder's trees recently falling into the reservoir enclosure, that if a property owner is notified of a hazardous condition, then the property owner's liability insurance may cover damages. Otherwise, a falling tree could be considered to be an "Act of God."
- **Discussion/Action item:** 2022 budget draft review: Cortez reviewed the 2022 Draft Budget, copies of which were included in the Board packet. She highlighted any increases/decreases from 2021. These changes included an increase of 3% to the annual assessment for improved lots; an increase of \$50 in the annual assessment for unimproved lots [the amount of which has been unchanged for many years]; an increase in the installment billing service fee, from \$2 to \$8; an increase in office expense to purchase needed new filing cabinets; an increase in the Professional Fees line item of \$2500, to begin saving year-over-year for a CPA audit cost estimated at \$10-14K; a line item of \$40K for the purchase of a new truck, as the company's two trucks are old and frequently in the shop; an increase in Outside Services of \$2000 to allow for the probable increase in the use of tree services to remove trees; and an increase of 4% in payroll expense, per recommendation of the HR Committee.
There was vigorous discussion of the installment billing fee. Directors were asked to submit their thoughts and recommendations by email to the Finance Committee, which was tasked with evaluating the concerns expressed and coming up with a recommendation for final approval at the December meeting. Dir. Gonda noted that the Finance Committee has discussed the structural imbalance in the budget, as well as the fact that wages are currently not in line with other agencies.
- **Discussion item:** Board training for new members: Dir. Maskolunas said she would like to work with others to develop "Rookie Rules" to assist new Board members in understanding procedures for conducting Board business. She indicated she will speak with G.M. Cortez.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The public meeting was adjourned at 8:05 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The open session meeting was reconvened at 9:42 p.m. to report the following actions:

- Shareholder excessive water use appeal: A decision was reached but subsequent to the meeting, new information was provided which has resulted in the matter being referred to the Water Committee for further evaluation.
- Trees on Shareholder property that pose risk of hazard to FLMWC installations or infrastructure: The general subject was referred to Rules Committee to develop a policy. With respect to the current situation of the tree for which FLMWC paid a Certified Arborist to evaluate, it was decided that a copy of the Arborist report will be sent to the shareholder on whose property the tree is located, noting the nature of the hazard and the Arborist's recommendations.

MEETING ADJOURNED: The meeting was adjourned at 9:45 p.m.

Louise West, Secretary

David Wade, President

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting November 11, 2021
Emergency Online Meeting
910 Fern Avenue, Felton CA
On-line meeting due to COVID 19 Shelter-in-place order

CONVENE MEETING/ROLL CALL: An emergency online meeting was requested by General Manager D. Cortez, via e-mail to President D. Wade, to address a bid to replace a culvert on Scenic. The road is sinking over the culvert, which has only about ¼ to 1/3 clearance. Staff are unable to clear the culvert due to its location and condition. Pres. Wade then asked for a motion to hold an emergency on-line email meeting to address the issue. The motion was seconded and when called to vote, was approved. The on-line meeting was convened at 12:38 p.m.

AGENDA:

Action/Discussion item: The bid from Valley Paving was circulated for all Directors to review. Dir. Davidson then moved to approve the bid of Valley Paving; the motion was seconded and vote was called. Dirs. Wade, Davidson, Mobley and Dennis all voted to approve the Valley Paving bid of \$5,200 for the work on Scenic, to be completed as described in the bid.

The purpose of the meeting having been fulfilled, the on-line e-mail meeting was adjourned by President D. Wade at 1:28 p.m.

D.M. Wade, President

L. West, Secretary