

Minutes
Forest Lakes Mutual Water Company
Board of Directors Meeting In Person and Online
October 14, 2025 - 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. A Zoom link will be sent to all shareholders via email.

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:04 pm by President P. Gonda. Also present were Directors W. Baer, M. Grasso, C. Kelly, and D. Pattillo; Managers S. Wagner and B. Knutson; and shareholders L. Dennis, S. Hector, and L. West. Absent: Directors M. Baptista and D. Dondero.

ADDITIONS/DELETIONS TO AGENDA: none for the public session

SHAREHOLDER/PUBLIC COMMENTS:

- Forest Lakes Firewise and Safety Association Update: GM Wagner read an email from FLFSA liaison S. Greco: to summarize, progress has been made in the reporting of hours/dollars toward home hardening; integrating newly added areas of Glengarry and San Lorenzo Dr.; and applying for grants.

APPROVAL OF MINUTES:

- Minutes of Sept 9, 2025 Board Meeting:
There was a motion to approve the minutes of the Sept. 9th Board Meeting. The motion was seconded and approved by a vote of 5-0.
- Minutes of Sept 28, 2025 Budget Workshop:
There was a motion to approve the minutes of the Sept. 28th Budget Workshop. The motion was seconded and approved by a vote of 5-0.

COMPANY REPORTS:

- Financial Reports: General Manager S. Wagner reported on Company finances as of September 30th. Cash on hand: \$1,340,304.98; YTD Income: \$965,288.85; YTD Expenses \$642,305.11; Net Income: \$322,983.74. She presented spreadsheets reflecting progress made by managers on drafting the 2026 Budget, including modifications to make the financial activities of the Company more transparent. There were questions and discussion regarding investments, of risk and returns, and of policy limits on what kinds of investments we can make. Advantages of Treasury Bills were noted, but until the name on that account can be changed, TBill investments have been suspended. GM Wagner will confer with Finance Committee regarding next steps for investment. There were questions and explanations about how to read the financial report.
There was a motion to approve the Financial Report. The motion was seconded, and the motion carried by a vote of 5-0.
- Operations Report: Operations Manager B. Knutson reported on Company operations for the month of September. Operations were stable. Production: 1,125,867 gallons; Water loss 11.9%. Staff performed routine maintenance, replaced a service line on Lakeview, responded to a water quality complaint, cleared fallen tree from behind Tank 7, repaired the roof of 10D filter building, responded to irregular readings, and completed residential sampling. Management continued to

work on the Scenic Booster Station project and submitted Cross-Connection Control policy to the state for review.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: no report.
- Recreation Committee: S. Wagner reminded everyone of the Halloween party at the park on Sunday the 19th.
- HR Committee: there are two HR items on executive agenda.
- Road & Safety Committee: no report.
- Rules Committee: no report.
- Finance Committee: there was a budget workshop two weekends ago.
- Strategic Planning Committee: no report.
- Community Fire Prevention Committee : no report.

NEW BUSINESS:

1. Discussion: **Capital Improvement Project Update 2026:** B. Knutson reported on ongoing efforts to update and improve infrastructure of water operations. The Scenic tank replacement project is in process, the expectation being to secure a bid for grading and begin work in April. The Tank 5 to Tank 6 booster line installation will commence in January as weather permits. Other priorities include replacing/updating valves and meters and upgrading the Corporation Yard. There was discussion of costs and relative urgency of projects mentioned.
2. Discussion: **CIP Project Update 2027-2030:** Knutson outlined specific improvements to be made in the next five years: begin replacing old infrastructure such as pipes and meters; install inter-ties by 2028 as required by the State; upgrade filtration system; and address storage needs at Corporation Yard. There were questions about the details of water quality, equipment, and infrastructure maintenance/upgrading. Asked about smart meters, Knutson explained how the smart meters work. There was discussion of filtration at Well 4C after a questionable reading.
Gonda reminded the Board that an increase in assessment revenue will be necessary to address needful maintenance and upgrading, and he previewed a new format for budget.
3. Discussion: **Preliminary 2026 Budget:** Wagner presented spread sheets representing progress toward the 2026 budget. She will bring the draft budget to the Finance Committee, and to the Board of Directors at the November meeting. There was discussion of the structural deficit—the fact that the Company is spending more in necessary operations than it is taking in through assessments, even though the yearly 5% increase has been closing the gap between expenses and income. There was discussion of options for increasing revenue and how to manage shareholders' expectations.
4. Discussion: **Algae Removal Update:** Wagner shared an email thread between herself and Alexis Harrison at which clears the way for the Recreation Committee to proceed with algae abatement in the lake, provided that the removal of vegetation is done without machinery and that no algaecides are used. The Lake and Streambed Alteration Agreement that permits the Fire Protection Reservoir should not be affected if the proposed activity does not threaten fish and wildlife resources.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION AT 8:12

Reconvened to open session at 9:19 to report that no actions were taken in closed session.