

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting On-line Meeting
March 14, 2023 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

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 called to order at 7:02 p.m. by President Gonda. Attending: Directors Dennis, Gonda, Kelly, Maskolunas, Wade, West. Staff: General Manager Cortez. Shareholders: S. Hector, D. Patillo, J. Wellman, D. Dondero, C. Wade, C. Barauskas

ADDITIONS/DELETIONS TO AGENDA : None.

SPECIAL PRESENTATIONS:

- President Gonda read and shared on-screen a letter of appreciation to the General Manager for ten years of service. The letter is appended to these minutes, and a copy will be emailed to shareholders.

SHAREHOLDER/PUBLIC COMMENTS:

- There were no shareholder comments.
- Forest Lakes Firewise and Safety Association Update: C. Maskolunas reported that FLFSA has just applied for a CalFire grant in the amount of \$3.5 million to reduce hazardous fuels and tree mitigation. There is no information about what might be awarded.

APPROVAL OF MINUTES:

A motion to approve the minutes of the February 14, 2023 regular public session Board meeting and the minutes of the Board's emergency on-line meeting of February 17, 2023 was seconded. The motion carried by unanimous vote.

COMPANY REPORTS:

- Financial Report: General Manager Cortez provided the financial report for February, 2023 noting the following: Beginning cash on hand, \$910,031.05; end of month, \$951,709.18. Year to date income was \$614,260.20, with a carryover of \$74,611.59. Net income YTD = \$539,648.61.
There was a question about what is included in the line item for communications. Cortez replied that it includes telephone, Comcast, fax, cell phones. There was a question about what is included in the line item for professional fees; Cortez answered that it is for accounting, attorney fees, and engineering. Dir. Maskolunas asked if FLMWC switched to on-line billing if that would be listed in the communications line item. Cortez said it would be shown under Postage and Printing. Maskolunas noted that on-line billing could result in savings on envelopes and postage. A motion to approve the February, 2023 financial report was seconded. The motion passed by unanimous vote.
- Operations Report: Cortez provided the Operations Report for February. Production for all wells was 828,354 gals., down from January's 863,911. There was a system leak caused by County contractors working on Lakeview; the County paid for the repairs to the line break. Loss rate was 15.3% related to the line break. Staff spent much of the month on road issues, filling potholes with cold mix when the weather was dry enough, rock when it was not, and Aquaphalt if damage could be done to a water line or valve. Culverts were cleared. Power outages and generators were managed. Staff assisted the contractors with the water main leak. They rebuilt the Cla-Val at the GG treatment plant and repaired the chlorinator. SLV Electric repaired an electrical problem at the GG treatment plant. Cortez and Busa continue to work toward SWRCB issuing a new permit to include Well 4C. Required drought reporting has begun and will have to be submitted quarterly. New lead and copper regulations

will require that any/all lead or copper lines be identified. FLMWC has no lead main or service lines on the FLMWC side of the meters. FLMWC must continue with backflow assessment and installation of backflow devices. It would then be the responsibility of the shareholder to both maintain and test annually.

Work continues on minor Sanitary Survey deficiencies; Cortez has contacted Granite Construction regarding their well and the replacement of tank 10-1. Cortez met with Todd Creamer of C2G Consulting regarding engineering for replacement of the Scenic tanks, valves and SCADA to control the release of water from the Ferrari wells into the central system and the Scenic booster station. She has asked for a proposal for engineering costs for each project. The Ferrari tie-in, which has been budgeted, was recommended by SWRCB. Cortez also met with Charlie Prograce, R3 Consulting, to look at the reservoir dam. Report to the Road and Safety Committee to follow. The County continues to work on Lakeview, including placing a new service line and improving the lake parking lot.

In discussion, there was a question about water quality and water blending, which Cortez answered.

ADVISORY COMMITTEE REPORTS:

- Water Conservation and Water Committee: No report
- Recreation Committee: Next scheduled event will be April 8.
- HR Committee: Report in Exec session.
- Road & Safety Committee: No report.
- Rules Committee: Working on excess water use fee policy, expect draft soon.
- Finance Committee: The committee evaluated costs vs benefits of extending FLMWC's credit line with Liberty Bank until May, and decided not to extend due to the associated expense. We can apply again in the future. Current reserves were discussed; it was decided to invest some funds in short-term T-bills, which currently offer a 4.5% return. An additional \$10,000 will be invested in the Capacity Reserve account.
- Strategic Planning Committee: No report.
- Hazardous Trees/Fire Prevention Committee: The committee discussed drafting a policy that would make shareholders liable for damage caused by trees falling from their property, and that would describe hazards posed by Douglas firs, dead oaks and other diseased trees, notifying shareholders that such trees should be removed.

NEW BUSINESS:

1. **Discussion/Action item:** Vegetation Management Policy Guidance:

Dir. Gonda stated that FLMWC has broad rights for vegetation management but policy guidelines need to be framed. State and County codes require clearance around houses and roads. With respect to roads, our easements are inconsistent and that will have to be considered. There has been discussion of hiring an on-call arborist; this will be taken up later. One question is how to define "proof of hazard." Dir. Maskolunas noted that we have all seen old firs, dead oaks and diseased trees, e.g. bays, that present hazards, and suggested a written policy specifying that it is the homeowner's responsibility to address them. Cortez added that FLMWC's insurance agent has said such policy language could help owners successfully file claims with their insurance carriers. Dir. Gonda said a policy should be created to inform shareholders of liability and also providing proof of hazard. Dir. Wade added that it would be good policy for shareholders to notify neighbors if a tree poses a hazard; this would also be true for FLMWC, to notify the shareholder that a tree presents a risk to company infrastructure.

Dir. Dennis asked who would pay for hazard assessments by an arborist. Dir. Gonda said the cost would have to be shared. Dir. Maskolunas said the shareholder should be responsible for assessing trees on their property and suggested putting in writing that shareholders are to assess their property annually or bi-annually for hazardous trees. Dir. Wade observed that we should be careful not to overextend ourselves. Dir. Kelly noted that smart homeowners will look at their own property, but enforcement is not likely.

Director Gonda reviewed the following: FLMWC Rules and Regulations; County Fire Code; State Law/Public Resources and Civil Code. Any policy drafted could reference these and point out what code requires and how that impacts us. Dir. Gonda asked if we want to leave our current rules intact, or modify them. There was

agreement that they should be modified to conform to code requirements. Dir. Dennis suggested including specific measurements. Dir. Gonda pointed out that current rules require that shareholders pay the cost of removal of large trees that have fallen from their property and block FLMWC roads. However, the policy does not state the shareholder is responsible to repair the road itself, should it be damaged by a falling tree. Dir. Gonda said that prior to the April Board meeting, he will capture what was said in discussion in order to put it into policy, and will meet with Cortez on the issue of easements.

2. **Update: FEMA/SBA funding:** Cortez and Dir. West met with FEMA and SBA representatives. They confirmed that FLMWC is ineligible for FEMA funds, which are intended only for individuals. While FLMWC can apply for additional SBA funding, it is unclear what damages to our roads were a direct result of the atmospheric river or simply the worsening of known pre-existing conditions. Our existing SBA loan could limit the amount SBA would be willing to loan for the more recent damages.

As FLMWC may need additional funding for water infrastructure in the future, the finance committee discussed and decided that pursuing a new SBA loan would not be in FLMWC's best interests at this time. Instead, we should plan for the eventual need for capital improvement funding, and leave our greatest asset [our assessments] available as collateral.

3. **Discussion/Action Item: Valley Paving Willow Way Patching:** Cortez reviewed and commented on Valley Paving's bid for patching on Willow Way. She recommended approving the bid now to lock in costs and also to assure a volume discount when it is time for paving on Redwood. [The Redwood project has to wait until the County work on Lakeview has been completed.] After discussion, a motion to approve Valley Paving's bid in the amount of \$16,300 was seconded. The motion carried by unanimous vote.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The public meeting was adjourned at 8:20 p.m.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING: The open session was reconvened at 9:10 p.m. to report the following: No action was taken on a shareholder's appeal of an excessive use fee. Action was taken on an employee's compensation.

MEETING ADJOURNED: The meeting was adjourned at 9:10 p.m.

Pete Gonda, President

Louise West, Secretary

ADDENDUM: Letter of Appreciation

Letter of Appreciation and Commendation to General Manager Dawana Cortez for Ten Years of Service to the Forest Lakes Mutual Water Company

Dear Dawana,

March 5, 2023 marked your ten year anniversary as the general manager of the Forest Lakes Mutual Water Company. On behalf of a grateful Board of Directors, we want to take this opportunity to let you know how much we appreciate all that you have done and continue to do for our company and community. Before listing some of your numerous

accomplishments (it is a long list that could fill a book, so we will go with “some” for the purpose of this letter), we would first like to say something about your character.

At the heart of it all, you have consistently demonstrated an unflinching commitment to do what is right for the Forest Lakes community no matter what the issue is or problem to solve. You do this with care, compassion, curiosity, fairness, honesty, and integrity. To say you go above and beyond is a vast understatement, and we are lucky to have you as our general manager.

Your day-to-day work ethic is characterized by careful planning, organizing, and prioritizing for yourself as well as the staff; keen attention to detail; and deliberative, well-balanced analysis. These characteristics tie directly back to your heartfelt desire to do the absolute best you can for our company and community.

You came to Forest Lakes at a time when we needed you the most. The Board at the time would say that you interviewed them as much as they interviewed you! As you came to know in your first few weeks on the job, the company itself was not being managed to the best degree possible, fiscally or operationally. You set us on a course correction that we continue to benefit from.

In commending you for ten years of service, we would like to highlight some of your accomplishments. In the **perseverance** category (we are talking tireless efforts over many years and countless conversations, correspondence, and wrangling), we offer the following achievements:

- Securing SBA loan funds for 2017 storm damage after FEMA said they would cover our losses only to reverse their decision after the deadline for submitting an application for loan funding had passed!
- Preserving our fire reservoir.
- Obtaining California Department of Fish and Wildlife sign off on our riparian corridor agreement for mitigation monitoring.
- Ensuring that Granite Construction honors the terms of their agreement with Forest Lakes to provide a contractually obligated amount of water and to maintain the Quarry well and facilities.
- Working with the County Resource Conservation District to secure grant funding for the Quarry Road culvert and other uses.

We would like to especially acknowledge how hard you have worked to cultivate and nurture relationships with our external stakeholders that have resulted in favorable outcomes with local/state/federal government entities and prompt service from contractors. Your implicit understanding of strong relationships greatly benefits our community.

We would also like to point out that you have demonstrated supreme patience with educating new Board members on the ins and outs of operating a water system and the myriad rules and regulations that go along with it.

From a **fiscal/operational** standpoint, we commend you for the following achievements:

- Organizing the company books and putting us on firm financial footing.
- Planning for capital improvements.
- Updating policies and procedures.
- Creating and organizing records on company infrastructure and operations.
- Reducing water loss rates.

In terms of **community engagement**, you have consistently demonstrated compassion for Forest Lakes residents, and have been instrumental in increasing the community’s understanding of our operations and the challenges we face as a small, independently owned and operated mutual water company.

Please accept this letter of appreciation and commendation for your outstanding service to our company and community, and congratulations on your ten years of service!

Most sincerely,

Pete Gonda, President, Board of Directors

Dave Wade, Vice President, Board of Directors

Laurie Dennis, Treasurer, Board of Directors

Louise West, Secretary, Board of Directors

Cyndi Maskolunas, Board Member

Chris Kelly, Board Member