

MEETING MINUTES
Forest Lakes Mutual Water Company
Annual Shareholders Meeting Sunday, September 13, 2020 1:00 p.m.
Public Session
910 Fern Avenue, Felton CA
On-line meeting due to COVID 19 Shelter-in-place order

CONVENE MEETING/ROLL CALL: The meeting was called to order at 1:07 PM by President D. Wade. Attending: President D. Wade, Directors P. Gonda, S. Smith-Berdan, L. Dennis, S. Yatson, B. Davidson, and H. Wood. Staff: D. Cortez Guest: Fire Chief Robert Gray Shareholders: J. Borgen, C. Clement, R. Overmire., M. Mobley, C. Linnenbach, S. Bellsey, A. Lee, A. Gaber, Brett, Sara, L. West, V. Mills, J. Martin, J. Abrams, M. Mobley, B. Neff, & Christina B.

I. 1:00 p.m. Call to Order / President's Welcome

President D. Wade called meeting to order at 1:07 PM

II. Introduction of Current/Retiring Board Members

President D. Wade introduced attending Board Members: Directors P. Gonda, S. Smith-Berdan, L. Dennis, S. Yatson, B. Davidson, and H. Wood.

III. Remarks by Board Candidates / Call for Floor Nominations

No call for floor nominations

Shareholder R. Overmire offered volunteer time in assistance to the Board

Shareholder C. Bauraskas offered volunteer time to a committee

IV. Questions for Candidates

No questions for candidates

V. President Calls Break for Voting – Polling Closes at 1:30 p.m.

Shareholders are encouraged to submit their votes via private chat message to meeting co-host, Dir. P. Gonda

VI. Treasurer's Financial Report

There was no carryover in 2019 – capital reserves of \$40,000.00 were transferred into operational accounts. This is below the budget allocation of \$125,160.87.

As interest rates increased capital reserves have been strategically moved we have seen a dramatic increase in the interest earned on all savings and capital reserve accounts. In 2019 interest income was \$9,658.78 an increase of \$7,017.96 from 2018.

Current Capital Reserves in all accounts totals: \$167,832.13

Current Emergency Operation Reserves total: \$170,591.61

Current Source Development Reserves total: \$10,000.00

Cash in hand in all non-reserve accounts, as of August 31, 2020 is: \$370,969.67

In 2019 an internal audit of the 2018 accounts was completed and found that financial records are well managed with good controls over operations. The financial records are in good standing and meet generally accepted accounting guidelines.

Records for payroll and benefits were also found to be acceptable and in good order.

VII. Operations Report

Remote monitoring for tank 7 was completed allowing for increased security and savings. Alerts are sent to staff so that if there are any issues with the tank levels they can be addressed right away. We now have automated controls for tank 7, tank 4 and the booster to tank 5. These automated systems decrease losses by providing early notifications, helping us to prevent tank overflow and making sure tanks remain at optimum levels to prevent customer water loss. These system save staff time currently involved to locate and evaluate problems on non-automated systems.

The 3A/3B filter plant, is now complete and operational. This plant is successfully removing Iron and Manganese from both wells bringing 3B back into use and allowing us to eventually tie those wells into the central system. Adding additional security to our largest system.

The contract for the replacement of well 4 was approved, signed and is in the permitting stage with the County of Santa Cruz. It would be our hope to begin drilling this year but the timing is somewhat beyond our control given all of the extenuating circumstances that have come with 2020.

First steps taken towards the removal and replacement of tank 10. The required lead and asbestos survey has been completed and plumbing has been installed by staff to bypass tank 10.

FLMWC's SBA loan application was approved for partial funding to repair the damage to several roadways that took place in 2017. These funds were required after FEMA approved and provided funding, only to follow that with a letter stating that we did not qualify therefore requiring FLMWC to return the funds received. The engineering funds for three slide areas on Scenic and damage on Ferrari have been received. Engineering contracts were issued. Mapping and surveying has been completed and geotechnical engineering is in progress. Due to COVID 19 the engineering was delayed and has moved very slowly. I haven't been given a timeline for completion of engineering designs. Once complete, designs will have to be approved by the County of Santa Cruz. Upon approval there will be a bidding process. Construction funding will then be requested of SBA and construction can begin. Engineering alone is costing close to \$200,000.00. Construction costs for the Scenic slide alone are expected to exceed 500,000.00 and that is an extremely conservative number.

We have a very long and costly road ahead. Construction will likely not begin until 2021 on these larger projects and we will be looking at taking on considerable debt in order to make these necessary repairs.

Although we have yet to receive the approved funding from SBA for the non-engineered paving projects that were included in the loan we did complete all of those projects, including the paving of Willow Way, a portion of Lakeside Drive and a portion of Gold Gulch Road.

An additional paving project was completed on Fern Avenue and funds were contributed by FLMWC to facilitate paving of a damaged section of Glengarry used by residents to access properties above the Scenic slide.

COVID 19 shelter in place orders necessitated focus on problems we could never have anticipated. Critical service social distancing policies written, cleaning products and masks found when in short supply and schedules had to be such that FLMWC staff were protected.

Then came the fire and evacuation orders. Once again this was new territory for FLMWC and there were many lessons learned. It highlighted both our strengths and our weaknesses. We were fortunate in this case to be an independent water system, fortunate in our use of well and not surface water and fortunate to have a staff willing to put themselves at risk to maintain an operational water system for the use of those who refused evacuation and potentially even more importantly for fire suppression should the fire have entered Forest Lakes. We were also fortunate that in 2019 we installed a large generator to allow for operation of two of the central system wells and purchase of a transportable generator that would allow operation of an additional well. The large generator allowed for continued well operation throughout all power outages including nearly three weeks continued operation during and following evacuation. We also learned about our vulnerabilities both as a water system and as a community. I hope that those lessons be used to help inform our future in both infrastructure and community education.

Q \ Shareholder J. Abrams: Any major vulnerabilities?

A \ GM D. Cortez: Aging infrastructure and the Quarry Wells that do not have backup generators are the main concerns, in addition to the few areas we have some above-ground pipes.

VIII. Water Conservation

President D. Wade reminded of the importance of water conservation, especially in states of emergency like the recent wildfire evacuation

IX. Fire Safety

Fire Chief Robert Gray shared some insight into fire safety and preparedness. The most important factors in wildfire defense are to prepare properties by clearing safe perimeters and conserving water. Without conserving water, the fire department will not have the means to fight fire properly. Homeowners utilizing hoses and/or sprinklers are doing more harm than good.

The inspections and requirements the fire departments provide for homeowners are the bare minimum requirements for home fire safety. Maintaining best practices like these will go a long way to protect a home, but there are many other options to help with home hardening. Robert Gray shared information regarding materials for homes, and suggested making a 5 year plan to upgrade homes to include double or triple-paned windows, selecting a more fire resistant siding for homes like stucco. These improvements can be made over long periods of time, and will only add to a home's resistance to catching fire.

Store firewood away from the house, at least 5 feet away. Given it's a more dense fuel, it's not very quick or easily burned. Mr. Gray recommended shareholders report any concerns they have directly to the fire department, for example firewood stored near exit routes and/or overgrown undeveloped properties, and those concerns will be added to a queue for investigation and possible action.

Robert Gray also reviewed a map of the fire and how close it came to the neighborhood. He will be sending the map to the FLMWC email address which will be posted to the FLMWC website and emailed to shareholders.

X. Strategic Planning

Dir. P. Gonda shared the intention and accomplishments of the Strategic Planning Committee, as well as an overview of the results of the SWOT analysis done by the board. Main

XI. Election Results & Closing Remarks

Dir. D. Wade, Dir. P. Gonda, Dir. B. Davidson, and Dir H. Wood were re-elected by a quorum.

Thanks to all for attending with special thanks to Chief Robert Gray for his time.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The meeting was adjourned at 2:46 PM

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING

MEETING ADJOURNED at 2:56.