

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting October 8, 2019 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:05 PM by President D. Wade.
Attending: Directors Wade, Dennis, Smith-Berdan, Gonda, Wood, West, Wade. Absent with notice: Dir. Yatson.
Staff: General Manager D. Cortez. Shareholders: C. Barauskas, C. Dennis, M. McBride, B. Wood

ADDITIONS/DELETIONS TO AGENDA:

- Deleted: Action item re: Pilot of solar powered Stop sign. Deferred until November.
- Added: Action item to approve custom metal door for filter plant
- Added: Action item to approve replacing culvert at McClellan and Lakeside
- Added: Action item to approve pavement repair on Ferrari
- Added: Action item to approve upgrade electrical system at Well 3A/B to tie to filter plant at 3A&3B
- Added: Action item to approve purchase of second generator to provide power to well pump

SHAREHOLDER/PUBLIC COMMENTS:

Two shareholders voiced questions and concerns about the closure of Scenic due to storm damage. Residents above the slide have difficulty getting service from delivery trucks, among other concerns. Shareholders wondered about company plans to repair and reopen the road.

President Wade provided information about the history of FEMA and SBA applications and summarized actions taken to date. G.M. Cortez reviewed the application process for the SBA loan and provided a status update. It was noted that the SBA loan, if approved, would be for a period of 30 years at 2.5% simple interest, with no penalty for early payoff.

APPROVAL OF MINUTES:

- September 10, 2019 Board of Directors Meeting, Public Session: Dir. Gonda moved to approve; Dir. Dennis seconded. Motion carried.

COMPANY REPORTS:

- Financial Reports: D. Cortez reviewed the September, 2019 financial summary, noting the following: cash on hand at start of month, \$571,781.64. End of month: \$513,110.28. There was an overage, compared to monthly budgeted amount, of \$20,251.74 due to completing approved projects and also because of the unplanned expense of removing the dying fir tree at the lake. The negative income to date [-\$43,312.51] is because of the removal of the \$127K FEMA funds. Dir. West moved to approve the financial report; Dir. Gonda seconded; motion carried.
- Operations Report: Cortez reviewed the Operations Report for September, noting the following:
 - ✓ Progress on the electrical system for the filter plant at Wells 3A/3B
 - ✓ Cortez and electrician were successful in getting the necessary county permit for electrical upgrade at Tank 7
 - ✓ New proposal was received for replacing Well 4A. The bid was significantly higher than expected. Plan to request 2nd bid.
 - ✓ Water loss rate was 6.5%!!
 - ✓ There were 14 excessive users including loss due to leaks and a hose left running.

ADVISORY COMMITTEE REPORTS:

- Recreation Committee: Dir. Smith-Berdan has looked into 4 grants from KaBoom, for possible playground equipment. She reported a lack of volunteers for the projected Halloween carnival. Messages have already been sent out encouraging interested residents to volunteer. It was noted

that recreation activities are community-driven and without community involvement, they can't happen. The carnival may have to be cancelled.

- HR Committee: No report, but it was noted that J. Busa is currently working limited hours until further notice.
- Water Committee: no report
- Road & Safety Committee:
 - ✓ Updates on projects: Cortez summarized progress toward the SBA loan. The final amount that may be approved is not yet known.
- Rules Committee:
 - ✓ Follow-up: Multiple water connections: See under New Business
- Finance Committee: Budget planning meeting upcoming.
- Strategic Planning Committee: Meeting upcoming.

NEW BUSINESS:

- **Discussion item**: Letter to Shareholders re: by-law change and application of "second kitchen" rule: Proposal to delay implementation of the rules until Shareholders have time to assimilate the information and plan accordingly, and until the SBA loan is settled, given that implementation of the rules will change assessments: Dir. Gonda referred to the information in the Board packet, and addressed "metered connections" as related to "second kitchens." He emphasized that the concerns are not about compensation but rather capacity. The idea of using the honor system for owners to self-identify was discussed. Concerns were expressed that it is very late in the year for shareholders to budget for cost increases, for those with second kitchens/ADUs, especially in view of likely assessment increase. The numbers of shareholders who may be affected was questioned and discussed; also, the fact that some people had second kitchens/ADU's before the 2001 bylaw change. Fairness and equity were prioritized, as well as compliance with the By-laws. Financial impacts were considered. The potential loss of revenue in 2020 is of concern. It was suggested that when the letter regarding the by-law change goes out, a form asking shareholders to identify second kitchens/ADUs be included. The GM can f/u with addresses already known to have second kitchens. Dir. Wade moved to amend the letter to reflect a 2020 effective date, letter to go out with the 2020 assessment letter; this motion was withdrawn until some language in draft document can be refined. There was agreement that the effect date should be 2021.
- **Decided**: Due to the need for timeliness, when the revised draft is ready, the Board will hold an emergency email meeting so that Directors can review the proposed changes and approve.
- **Discussion item**: Request to CDFW for temporary extension of reservoir drawdown, to coincide with end of fire season: Cortez reviewed actions taken in an effort to preserve the reservoir until the "first sustained rains," which how our local fire chiefs define the end of what was formerly called "fire season."
- **Discussion item**: Fire safety and vegetation management: D. Wade is to contact Chief Gray to request a "ride around" to establish priorities for brush and branch clearance. We should continue to ask residents to prune. There was a question as to whether, when there is a dead/dying tree threatening a road, we should notice the owner.
- **Discussion item**: Bocce ball court: Smith-Berdan has obtained estimates for material costs, and projects about \$500. The work cannot begin until spring, because the ground is too hard at present. It was suggested that this amount be added to the Recreation/Facilities Maintenance budget.
- **Discussion/possible Action item**: Review of Landino proposal for drilling of new 4B well: Several drillers have been contacted. Some refused. Waiting for one more. It was noted that although the Landino estimate is far above what was anticipated, it will be even greater if a contract is not signed until 2020. The Board recommends a search for comparative costs if possible. Cortez will call Nick Emmert, and also ask J. Busa to reach out to any contacts he may have.

- **Action item:** Budget approval for pilot of solar-powered flashing light STOP sign: Deferred until November meeting.
- **Action item:** Approve Valley Paving bids: Prior to reviewing the specific bids, Cortez explained that what the Road Committee would have recommended last month has been dramatically impacted by the projected costs for well replacement. The Road Committee now recommends only those projects deemed necessary to preserve essential infrastructure or avoid risking deterioration over the winter. Cortez reviewed Valley Paving bids for several projects and recommended which ones should *not* be done this year. She did recommend replacing the culvert at McLellan and Lakeside. Ideally, paving on that section of McLellan would also be redone but given budget considerations, the culvert is the priority. West moved to approve \$6900 to replace the culvert. to replace culvert at McClellan and Lakeside rather than use any capital reserves. After discussion of whether to consider each project option separately, it was decided that the action be one approval for the two recommended projects [the Lakeside/McLellan culvert and paving on Ferrari]. Gonda amended West's motion to include the Ferrari project; total amount of \$15,500 for the projects described as Options 2 and 6 on the packet materials. Vote was called, and motion passed.
- **Action item:** Resolution designating corporate officers having authority to sign SBA documents: Cortez explained why this is needed. Dir. West moved that the Board resolve to authorize the corporate officers with signing authority to have authority to sign the SBA documents. Gonda seconded; motion passed.
- **Action item:** Release of funds to ATEC Systems. ATEC asks that we release all but \$2,000 of the \$10,000 we have been holding for a long time. The \$2,000 is a retainer for ATEC to start the plant. Cortez provided more background. Dir. Dennis moved to approve; West seconded; motion passed.
- **Action item:** Custom door for filter plant, for \$1522.31: Cortez explained the need for a custom metal door for the filter plant. The door is a completely non-standard size. There does not seem to be any other company that provides these. Dir. Gonda moved to approve; Dennis seconded; motion passed.
- **Action item:** SLV Electric: Electrician has given a verbal estimate of \$1500 to remove all old electrical wiring that runs cross country; upgrade the box to work in conjunction with the new system; Dir. Dennis moved accept the bid NTE \$1500; West seconded; motion passed.
- **Action item:** Approval for purchase of second generator: In order to power wells for some o the service area, Scenic in particular. There is storage capacity for 13 days of normal use but that assumes no leaks or other problems. Cortez has compared a number of units and found best option to be a generator purchased from Home Depot in the amount of \$1437.71. Dir. West moved to approve the purchase in an amount NTE \$1500; Smith-Berdan seconded; motion carried.

PUBLIC MEETING RECONVENED FOR ACTION ITEM REPORTING:

The public meeting was reconvened at 9:20 p.m. to report that the Board discussed and decided upon a performance bonus amount to be paid to the General Manager at the end of the year.

ADJOURNMENT: The meeting was adjourned at 9:25 p.m.