

MINUTES
Forest Lakes Mutual Water Company
Board of Directors Meeting February 12, 2019 -- 7:00 p.m.
Public Session
910 Fern Avenue, Felton CA

CONVENE MEETING/ROLL CALL: The meeting was called to order at 7:02 p.m by Pres. Wade.
Attending: Directors Dennis, Gonda, Mobley, Wade, West,Wood. Absent: Dir. Smith-Berdan.
Staff: D. Cortez. Shareholder: C. Barauskas

ADDITIONS/DELETIONS TO AGENDA:

Discussion item: Change of credit line

SHAREHOLDER/PUBLIC COMMENTS:

Concern about a tree that may become a hazard. The shareholder was requested to provide the GM with the address. Shareholder also reported having taken a video of a dirt biker.

APPROVAL OF MINUTES:

- December 11, 2018 Board of Directors Meeting, Public Session: Dir. Gonda noted that hi name was left off those attending. Dir. Gonda moved to approve the minutes with the correction noted. Dir. Wood seconded. Motion passed.

COMPANY REPORTS:

- Financial Reports: D. Cortez reviewed the December report. December cash on hand at start of month: \$604,811.74. End of month: \$560,585.17. \$330.58 of the \$5,000 approved by the Board for toilet rebate program has been used. Income YTD \$655,095.87; expenses YTD \$592,268.58, but that includes the FEMA grant of \$62,827.29 for a negative carryover of \$64,547.71. Dir. Dennis moved to approve; Dir. Gonda seconded. December financial report approved.
The January report was then reviewed. January cash on hand at start of month was \$560,585.17; end of month, \$837,804.71. YTD income was \$329,819.06; YTD expense, \$51,684.75. Overages were noted and explained. Dir. West moved to approve; Dir. Dennis seconded.
- Operations Report: D. Cortez provided the operations report for December, noting that progress on projects was slow due to holidays and staff time off. The focus of field staff was on maintenance of facilities and roads, including clearing culverts and ditches as well as patching. State-required reports on certain storage tanks were completed and sent. The January report highlighted the installation of a booster station that will allow Tank 5 to call for water whenever it needs water, and to turn off the pump when the tank is full. A standby generator for wells 8C, 8F, and the booster was installed. The system loss rate for December was 9% and for January, 8%!
Regarding the generator, Dir. Wade asked if a schedule will be established to run and check the generator at regular intervals, and to be sure the associated propane tank is full.
Update: Per Cortez, the generator turns on automatically every week and runs a system check.

ADVISORY COMMITTEE REPORTS:

- Water Conservation Committee: See loss rates as noted above! One large customer leak was repaired as soon as it was reported to the owner.
 - Recreation Committee: no updates
 - HR Committee: see Closed Session
 - Water Committee: no updates
 - Road & Safety Committee:
 - ✓ Updates on projects: December & January projects have been on hold because of rain. There is a start date for the filter plan [3/4] but if there is not enough dry weather before that, the culvert at Fern and Quarry will have to wait. Repairs on Laurel will also have to wait.
 - ✓ Update on SBA status: Dir. Smith-Berdan has continued to contact Sen. Harris's office, with no success. Dir. Wade reported that he received a call from a staffer in Eshoo's office; they have spoken w/ their SBA liaison, and have forwarded all our information to SBA. This is an encouraging step.
 - ✓ Riparian mitigation: Update regarding RCD letter: Wade, West and Cortez met with RCD to strategize the best options to suggest to F&W. The first preference would be to contribute to a project that would be "one and done," rather than having to maintain something in perpetuity. Among the possibilities for this is a project to remove unpermitted dams from a stream that is close to, although not in, our watershed. A project that would involve working on our own stream and reservoir would be to plant willows along the side of the lake nearest the road, and install basking logs for box turtles [if there were turtles]. Discussed the potential liabilities and costs of this project. This project would have to be engineered. Our staff would have to be responsible for planting, maintaining, and pruning the willows. For these reasons, contributing to an established project seems more expeditious. Our proposal will be sent to Monica Oey at Fish and Wildlife for review.
- RCD also suggested that we provide the CALFire and Felton Fire chiefs with a suggested letter that they could send to F&W [since our request that they write in support does not seem to have resulted in action]. Dir. West said she has already drafted such and as soon as documentation of Chief Rickabaugh's support from several years ago is located, will incorporate that into the draft so that this can move forward.
- Update: Felton Fire Chief Rickabaugh's email supporting the lake being permitted was located so that his exact quote could be used. In his email of 6/10/2015 to the State Water Resources Board, Chief Rickabaugh said that "Without this water source, there is the potential for tragic loss of life and property." Letters to both chiefs were sent, together with the suggested letter of support to Fish and Wildlife.
- Rules Committee:
 - ✓ Follow-up: Multiple water connections: The committee has a draft addressing this question. Cortez emphasized the need to have a clear definition as to how the rules will be enforced. Committee to meet again.
 - Finance Committee: No update.
 - Water Future -Due Diligence Committee: No update. See discussion item below.

NEW BUSINESS:

- **Action item:** Approval of San Lorenzo Valley Electric quotation for Tank 7 Scada: Cortez explained the bid and purpose. Dir. Mobley moved to approve; Dir. West seconded. Motion carried.
- **Action item:** Approval of A Tool Shed quotation for Multiquip Plate Compactor: This is a compactor for base rock. We have an old, unsafe one; replacement is needed. Cortez answered several questions about the product; verified that it will be a new product under full manufacture's warranty. Dir. West moved to approve; Dir. Dennis seconded. Motion passed.
- **Action item:** Approval to transfer \$10,000.00 into a new CD account for water source development: It was previously decided to have a separate fund for water source development. The question for action is whether to move the funds into an account that would be less liquid but offer a significantly greater interest rate. Cortez reviewed several options she has found. She also suggested moving other funds from accounts that are earning low rates. The Finance Committee will discuss that.
Director Wood moved to transfer \$10,000 designated for source development to the Wells Fargo Business CD Special Account for a term of 19 months at an interest rate of 2.55%; Dir. Dennis seconded; motion carried.
As an added discussion item, the question of a change of credit line was addressed. Recently, Liberty Bank is charging a fee to have a credit line. Dir. Cortez to check with other banks to see if other options exist.
- **Action item:** Approval of California Custom Sheds quotation for construction and installation of 3A/3B Filter plant housing: Cortez explained the background. Dir. Gonda moved to approve with the one correction noted, that the dollar amount as written out be corrected to match the dollar amount of \$4,388.66 in the "Included" column. Dir. Dennis seconded; motion passed.
- **Action item:** Approval to convert tax liability savings account to checking account: Cortez explained that our current tax liability account only allows a limited number of withdrawals. Our tax liability now requires semi-weekly tax deposits, and that exceeds the limit. After a first notification, charges are imposed. A minimum balance of \$5000 would be needed to make the change from savings to checking. Liberty Bank will allow a one time conversion to checking. Dir. West moved to approve; Dir. Wood seconded; motion carried.
- **Action item:** Approval of Revised Parking Rules: Dir. Gonda reviewed, noting that the 4 hour limit at the office was not included. Dir. Mobley questioned whether a 4-hour limit is appropriate given that the option to on-street guest parking is at the office. Wording was discussed. It was noted that multiple opportunities had been provided for shareholder/resident input. It was noted that we might want to consider striping the lot; the school bus has a hard time turning around in the space when are parked inappropriately. Dir. Mobley moved to pass the Revised Parking Rules. Dr. West seconded. Motion passed.
- **Discussion item:** Burn pile rules [see Minutes, December 2018]: Dir. West suggested that given the hour plus the extensive Closed Session agenda that this item could be deferred and taken up at the March meeting. The group concurred.
- **Discussion item:** Follow-up with elected representatives [see Minutes, December 2018] re: efforts to obtain permission to apply for SBA loan: see above.

- **Discussion item:** Follow-up regarding Water Future-Due Diligence Committee: The sense is that this committee would more appropriately be called the Strategic Planning Committee. Dir. Gonda agreed to head this committee. Per the rules, he will be allowed to choose those who he wants on the committee.
- **Discussion item:** Information about emergency alert systems: This was an item that Dir. Smith-Berdan wanted on the agenda. In her absence, it will be tabled until March.

PUBLIC MEETING ADJOURNMENT TO CLOSED SESSION: The meeting was adjourned at 8 PM.

RECONVENE TO OPEN SESSION FOR CLOSED SESSION ACTION ITEM REPORTING:

The meeting was reconvened for action item reporting on the following items:

- Approval of 2 employee reviews
- Approval for General Manager to seek attorney advice on two matters.

MEETING ADJOURNMENT: The meeting was adjourned at 9:55 p.m.

Louise West, Secretary

David Wade, President