

Forest Lakes Mutual Water Company
910 Fern Avenue, Felton, CA 95018
(831) 335-5774
June 11, 2002

Type of Meeting: Monthly Board of Directors Meeting – General Session

Facilitator: John Purchase, President

Recording Secretary: Debbie Madsen

Board Members Present: Keith Cicero, Scott Greco, Henry Burnett, Dick Greco, Mary Carroll; David Ellison

Board Members Absent: <none>

Shareholders Present: Jerry Green, Lucille Lupini

Non-Shareholders Present: Matt Faneuf

Call to order: John Purchase, 7:06PM

Acceptance of Minutes:

Motion by to accept the May General Board Minutes by Keith Cicero, Second By Dick Greco. Motion carried all. Scott Greco came in late and was not present during the voting.

Acceptance of May Financial Report:

Debbie Madsen explained the new financial report format. The financial report shows that we are under budget. Motion to accept the May Financial Report by Dick Greco. Second By Mary Greco. Motion carried all.

Stockholders Concerns:

There were no stockholder concerns.

General Session Highlights:

- ***Accounting Payment Terms:*** The Process for which FLMWCo collects on delinquent accounts was reviewed last month. The board deferred approval of the new terms to June. The changes are
(1) "Accounts with multiple late payments or non payments will incur additional penalties and/or water disconnection as listed below" to be changed to "Accounts with multiple late payments, **insufficient payment amounts (partial payment)**, or non payments will incur additional penalties and/or water disconnection as listed below".
(2) The following paragraph to be added:
"Payments are to be made by personal check, money order, cashier's check, or cash. Payment submitted must equal or exceed the minimum amount due shown on the invoice. Personal checks must be personalized with complete name and address preprinted by bank, the bank identification number, the bank name and address, and the bank and customer number. Checks must be dated current. Post-dated checks are not acceptable, will be returned, and the account recorded unpaid."

Motion to accept the new terms by Keith Cicero. Second by Scott Greco. Motion carried all. The new terms will be distributed during December 2002-May 2003 billing.

- ***Oak Tree Removal*** – There is an oak tree next to the stockholder office that needs to be removed. Terry Pink and Norm Crandell had said that they would take it down. John Purchase is concerned due to the overhead wiring and sees danger there. Dick Greco motioned that FLMWCo talk to Terry Pink to see if he really wants to do. Discussion followed since John is concerned for their safety. John Purchase has contacted a tree cutter who agreed to take the tree down for \$400 but not remove the wood. Dave Ellison stated that he does not like the liability involved with residents taking the tree down. John Purchase suggested that FLMWCo can talk with Terry Pink but requests the board agree to the \$400 expense should Terry wish to not do this work. Motion revised by Dick Greco for FLMWCo to discuss the tree removal with Terry Pink and if he declines the task, approve \$400 expense for the tree removal. Second by Scott Greco. 4 For / 2 Against, Motion passed.

- Repair of Electrical** – On Friday May 24th, a moving truck pulled the electrical and telephone wiring down from the Forest Lakes Stockholder office roof bending the mast. The wiring has been reconnected but the mast is still disconnected. John Purchase spoke with an Electrician (Gary on Redwood Rd) to quote a price to fix. The quote was \$690 for new mast that will increase the height, anchor the mast, and run the electrical. Additionally, there will need to be a permit acquired. The Cost estimate for the permit is \$75-150. The problem is how can Forest Lakes be reimbursed from the Trucking Company or PG&E for the cost. Is the road in front of the stockholders office county road or private road? If the road is private then the Trucking Company that hit the line is liable. If the road is public and the line was less than 13 feet then PG&E is liable. The Truck Company has indicated that the line was less than 13 feet and they are not paying. Mary Carroll suggested that Forest Lakes determine if the road is private and offered to go to county offices June 12th to determine how the road is classified. Mary Carroll motioned to hold on spending the \$1000 until we determine that this is county road. It was reminded that the President has spending authorization of up to \$1000 and this does not need to be approved. John Purchased stated that he wants board to approve. Dick Greco stated that this is a non-issue in that we have to repair regardless of who pays. Scott Greco stated to repair it then submit the bill to the right group. Mary withdrew her motion. Dick Greco motioned to have the repair work performed and pursue if the road is a county road then submit bill to the appropriate responsible party. Second by Keith Cicero. Motion carried all.
- Job Description for Dick Greco.** During the May Executive session, it was decided that Dick Greco would perform supervisory functions over the Forest Lakes Maintenance Crew. John Purchase indicated that it was pointed out that there was no job description setup for his position. Mary Carroll indicated that there does not need to be micro management but the job is more of an overview of the project scope, the associated time frame, priority of project, and the budget allotted. Weekly follow-up would then occur. Matt Faneuf stated that this is what they started this week. Dick Greco says they met, discussed what they expect to accomplish in the next week whereby they will re-meet to see if they met those goals. Mary wants to know how they will watch costs. John Purchase stated that Dick is to have oversight of subcontractors. Dick Greco does not want to meet and oversee the contractors nor negotiate the bills. Dick Greco stated that if subcontractors interface is needed, then someone on the board could oversee or it could be a committee's responsibility. Jerry Green stated that John Purchase is the President and it is his job going to over the contracts. Jerry Green advised that the Water Committee acts as consultants and technical support.

Matt concluded that Dick Greco and he have already set time goals and they will see what is accomplished. Matt stated that Dick Greco is not going to be the dictator but will set reasonable goals with the employees. Matt says that Dick Greco understands that Forest Lakes need to be flexible when one considers unexpected events. It was agreed that eventually this management should be turned over to Matt. Keith Cicero questioned whether Dick's position was a permanent position or temporary position. Jerry Green suggested to let the arrangement work for a while and see how it goes. John Purchase requested Dick Greco to write a brief job description to provide by the next meeting. Dick Greco reminded the board that this function has traditionally been done by the President but the present President does not want to do this. The job has been passed to a board member who agreed to oversee the employees. The next President may want to resume this function. Dick Greco does not see it as a new position. John Purchase stated that when Dave Montgomery was here, he was maintenance supervisor with minimal input. Terry Pink was President at that time. When Dick Greco was President and he had two (2) college kids working the operations where each day they received worksheets with items to do which they turned it in at the end of the day. Dick Greco says that you have to tailor the supervision based upon the person you have working for you. John Purchase says that this is a position that someone on the board can perform if an arrangement is made such has been done. Dave Ellison reminded the board that Dave Montgomery was here for so many years that he did not need much oversight.

- **Water Report**

Matt Faneuf provided an overview of the water usage and project status. For the Month of May, there was 3,240,000 gallons utilization. In the year 1985, the average was 2 million gallons per month. The Pederson property is using 2900-3000 gallons per day. Forest Lakes has used 3.8-acre ft year to date from the Quarry where the year limit is 18 acre ft. There were no customer complaints.

This water usage included the draining of Tank 6 which had been partially filled when it was determined that the panel needed replacement as well as some flushing that had been performed. There was one leak on Madrona Rd where there was homeowner responsibility to repair. The homeowner was charged \$75 for the repair.

Tank 4 is now online but in limited capacity. Parts are on order for control valve and will be up and running shortly.

The recreation lake was setup with the insertion of the boards, moving the picnic tables to the beach area, setting up the life guard area and the diving board.

System 1 Float Control is fixed. Tank 5b float control to go online tomorrow. This tank has never had a float control. Since the installation of the new pump, there is overflow of water. There needs to be a float control. Matt is looking into rebuilding pump 3B. He can rebuild for \$360 or purchase new for \$560. There will be cost involved to install into the hole. The board had approved \$1500 in past for this work.

Matt suggested that if any board members would like to join him on the water run to better understand the system to let him know. It would be advantageous to understand where tanks are and an overview of the sites.

- ***Next Years Goals:*** John Purchase stated that this is the first meeting of the new board with his elected position as President. He wanted to view what would be the goals of the new board and the structure for the next year (June 2002 – June 2003). There are many goals to consider in the water operations but the primary area of interest that he received from stockholders during the Annual Meeting was the Installation of Meters.

Goals Identified in Agenda:

- Complete 2002 Capital Improvements
- Schedule for Transition of New Mains
- Schedule for Metering
- 2003 Capital Improvements
- Long term plan for capital improvements

Metering Plan. Many shareholders are for the metering plan, especially from those stockholders that are temporary residents. Lucille Lupini stated that she got the impression that folks believe that they will get a bill once a month and all that they will get billed is the water. She wanted to remind them that there are other expenses in the annual dues besides the water. She stated that all the shareholders think their bills will go down. Mary Carroll stated that to fit with other water operations, the bill would be a base rate plus usage. John Purchase stated that he does not want to talk specifically about the goals. He only wants to set what the goals will be. He suggested that the year's goal be to accomplish the Plan in How to Implement the metering: how to pay for it and over how many years. Keith Cicero agreed that he cannot envision anything more important and that many of the Forest Lakes problems would be resolved with metering (i.e. swimming pools, landscape water usage, second assessments, etc.). The billing cycle could be quarterly or bi-monthly. Lucille Lupini stated that if you set an amount such as 300 gallons per day and anyone who goes over would pay more but who would read the meters. John Purchase stated that the Staff would read the meters and there are meters on the market that one could read electronically. Jerry Green reminded that the cost for implementation is high and even if Forest Lakes borrowed money, it could not be completed in one year. Mary Carroll suggested that Forest Lakes acquire a broad overview from a water expert. The meter installation brings other plans from the Water Committee into play with the proposal to Generate As-

Built drawings. John Purchase stated that all he wants to do is just accomplish the plan for how meters would be installed. Set up the strategic places, determine a sample cost per meter estimate, and identify what problems might be encountered. What is the ballpark from a sample pilot project? There are 327 connections and if there were 5 completed per month, what would the basic cost be? John Purchase wants to accomplish a high level view. What are our goals for the year and who will work on it? He thinks the board should generate the plan and present to the shareholders.

Mary Carroll likes the idea of getting costs and formulating a plan. There are 220 residents that need to be metered. Some of the sites have the meters in place but are not hooked up and some of the sites do not have the meters. Mary Carroll is in favor of a pilot project to begin installation. Jerry Green requested that before Forest Lakes begins the new project of putting in 5 meters a month, we stay on focus with other capital projects and get them completed. Keith Cicero stated that Forest Lakes should make cost estimate for remote monitored meters verses paying meter readers. This would reduce labor. The remote device is a bolt on device, which can be added on at any time. It is either battery operated or operated off conventional power. Perhaps the Water Committee can study. Jerry Green suggested that before Forest Lakes puts in exotic stuff at the local resident sites, we should consider having controls on the tanks and reduce the daily water runs. If there were controls on the tanks, then Forest Lakes would only need a mechanic to have things running. Dave Ellison stated that shareholders are in favor of one time assessment to do the meters.

- ***Pederson property.*** There was brief discussion whether Forest Lakes should hire an attorney to look at the contract for the Pederson Property water rights. John Purchase indicated that Hillary Wilson had reviewed the contract with an associate who stated that water rights dispute can be lengthy and expensive to pursue. Jerry Green indicated that when he was President, he looked into the issue with an attorney who stated that Forest Lakes is stuck.
- ***Special District Status.*** During the last year, there was a proposal to pursue Forest Lakes moving to a special district status. John Purchase advised that the board reviewed the requirements but he and Hillary Wilson were not in favor of the move. Jerry Green said he thought the board had decided it was a closed issue. John Purchase stated that the decision was never made. Dave Ellison said the board never voted and there was no momentum behind it. John Purchase explained that as a Special District, there can be taxes assessed that have nothing to do with water or road operations such as we have today. There is overhead involved to maintain special districts. John Purchase characterized becoming a special district is like becoming a special government. Everyone on the board has to publish financial statements, there are more formal bidding projects, there is limits set for how much is the increase in the taxes. The advantage would be the increase in reimbursement money from FEMA in the event of disasters. The main problem is that Forest Lakes would lose flexibility and there would be no stockholders, which is a big change for Forest Lakes residents.
- ***Quarry Contract of Water Allocation:*** Keith Cicero stated that he was concerned with the information that the Quarry was being turned into a lake. This area, which is above us, would be a water source and a recreational area. What rights would Forest Lakes have when this happens? Keith stated that Forest Lakes has to know what our contract is with the Quarry and be prepared. Is there an end?
- ***Backhoe Status:*** There was an offer received on the Backhoe. Backhoe - \$1200 offer received. Dick Greco motioned to accept the \$1200 offer. Second by Mary Carroll. Motion carried all. Dave Ellison to contact bidder to accept offer and coordinate transfer.

There was discussion regarding the Forest Lakes need for digging equipment. In order to cut over to the new mains, Forest Lakes will either need to dig by hand, rent equipment, or buy. Dick Greco suggested that the Water Committee determine what equipment is needed for next year to buy then budget accordingly. Dave Ellison stated that all that is needed is a small backhoe. John Purchase advised that Terry Pink disagrees when it comes to road and culvert work. Dave Ellison indicated that Forest Lakes can rent a backhoe to do that type of work but small digging type work is always needed. Dick Greco stated that this type of discussion can be hashed out in the committees.

- ***Water Committee Report***

Scott Greco presented a recommendation from the Water Committee. There is the need for Forest Lakes to have "As built drawings" of the water community. The Water Committee reviewed how the drawings would be laid out and whether they would be layered. The drawings would identify the water lines, telephone poles, known valves, etc. Forest Lakes would be able to print off pipelines, roads, or any part of the map as needed in the future. The committee talked with Jerry Green to move forward with the As-Built drawings and requested an estimate from him to perform the work.

Forest Lakes personnel would provide the data for the drawings. Karen would do most of the work as defined. Jerry Green would give scope and time line needed. Freeware software would be provided to Forest Lakes whereby they could update the software and print the drawings. Tec-era Engineering Corp. (owned by Jerry Green) would charge \$7500 for the service plus out of pocket expenses. There is budgeted 10K in the Capital Asset funds 2002 for the work.

Debbie Madsen advised that Craig Madsen works in CAD/CAM. The Madsens would be willing to assist with providing CAD software to reduce costs if the software would be compatible with the supplied drawings. The Madsens operate a CAD/CAM support business. If AutoCAD drawings are to be provided from Tec-era for view purposes using the freeware software then there will be the need in the future to edit the documents. The Madsens would be willing to give Forest Lakes a copy of AutoCAD Lite that they presently own and offered a copy of the Mastercam Draft package which provides Drafting functionality for free if this would work to allow future editing of the drawings. Forest Lakes is to advise if this is needed.

John Purchase stated that he contacted a friend that familiar with AutoCAD and is aware of general rates. John Purchase gave his friend a moderately detail description of what he wants done whereby the friend provided a quote comparable to Jerry's quote. John Purchase requested that Jerry Green provide a written bid for the work presented in the verbal discussion and a delivery date. Jerry Green stated that if Forest Lakes wants a written bid then Forest Lakes must provide a written scope specification. John Purchase stated that the intent for his contact with his friend was to perform due diligence concerning the proposal from Jerry. Dick Greco motion to contract with Jerry to proceed with as built drawings. Jerry indicated that he will not give blank proposal and the work will be completed within this budget year but it depends on how "your people can give me the details". The terms are 1/3 up front as retainer, 1/3 milestone payment, and 1/3 upon completion. Scott Greco stated that if Forest Lakes looked at purchasing a tractor or drawings, which would we want? There was agreement that the drawings are more valuable. Dave Ellison stated that he wants to keep Forest Lakes from dropping a large amount of money when the info may not be correct since there is uncertainty where pipelines are at present without digging. John Purchase stated that the bulk of the information will be correct. Keith Cicero asked if information could be identified on the drawings as what is know certain and what is not certain; is there someway to designate on the drawings what we know there or suspect there? Dave Ellison stated that the price is a reasonable price. Dave Ellison asked if the future end users of the application will document it physically or will they update the information on the drawings in the software. Jerry stated that the users can redline the document and someone else can do the update. Motion from Dick restated. Seconded by Scott Greco. Vote Results: 5 For, 1 Against. Motion carried.

John Purchase stated that the Water Committee is charged with a written scope and will write a PO with the terms identified.

- ***Road Committee***

David Ellison, Matt Faneuf, John Ekizian, and Larry Zimmerman looked at Oak Place. Before the road can be asphalted, there needs to be three (3) pipelines put in around major roots. The pipeline can be completed in a day. Karen, Matt and David Ellison with an Excavator for the day can do this. A bid from Saso can be acquired to pave the road. Estimated cost is \$680 for pipeline and \$5200 for paving. Dave Ellison to acquire 2-3 bids on the paving time. Scott motioned to proceed with the installation of the pipeline on Oak estimated at \$680. Seconded by Keith Cicero. Motion passed all. Dave Ellison abstained.

David Ellison reviewed the community and there are some potholes and Quarry Rd is getting bad on one corner. There is a sinkhole in the road. The light traffic has pushed it out to the side. Forest Lakes does not have the funds to do the correct repair, which would be major excavation and implementation of proper drainage. It is proposed to put in 2-3 yds of cold patch. John Purchase disagreed with cold patch and suggested base rock. David Ellison stated that the cold patch would last through winter. We could consider paving the other side of the road and bypassing completely. It is tight in that area. Comparison when one looks at Oak with 5 cars a day and Quarry with 20 cars a day; Quarry may be the primary site for the expense. Dave says don't have the funds to do the work correctly on Quarry this year and suggests finishing Oak. John Purchase stated that Oak should be completed this year. David Ellison indicated that one load of asphalt and \$500 labor would do it for the potholes and quick patch on Quarry. Henry Burnett motioned approval for \$1000 for asphalt and pothole filling; general road repair. Dick Greco seconded. Motion passed all. Dave abstained. David Ellison will write up scope of work for proper repair of Quarry Rd for future review.

David Ellison indicated that the road to the Corp Yard is getting almost to point one cannot get up there. He proposed to blade it out then add 5 yards of base rock then wheel pack it. The estimated cost for repair is \$450. John Purchase will handle approval.

Redwood Rd. David Ellison indicated that the county is not budging. The county will provide a report that they did not see the repairs nor did they do normal inspections during the process. Board will have to make a decision whether to agree with this response. Who's property was involved in this slide? Does Forest Lakes have authority to sign the report accepting final statements? It is proposed that Forest Lakes seek legal advice. The County is going to sign off on final permit with conditions that they did not see the final approvals. Forest Lakes got ahead on the work of the permit since we had the FEMA money. There was one permit sign off from grading but the building side did not do normal inspections. There was never a sign off of anything without Kasunich. Kasunich did perform final approval. Scott Greco questioned later repercussions. Dick Greco stated it will probably be alright but has potential for problems down the line but again agrees that Forest Lakes should get legal advise before commit any future boards with trouble. If we get a heavy winter, the k-rail will go. There are two slides involved. Kasunich says the slide is up above. The lower slide was not addressed. The original plans showed the work progressing further down the hillside. The county changed the plans. For the upper area, Kasunich wants some rock dropped in to handle some erosion. There has been erosion on the up hillside a bit since we waited. We have concrete at the corp. yard we can place in there. There are voids in the channels on the I-beams. There are going to be more inspections for structural. Additional costs forthcoming are estimated at \$2000.

Motion to Close by Dave Ellison. Dick seconded the motion. Motion carried all.

Close at 9:25PM

Respectfully Submitted

Debbie Madsen, Secretary/Treasurer
Forest Lakes Mutual Water Company