

Forest Lakes Mutual Water Company
910 Fern Avenue, Felton, CA 95018 (831) 335-5774
October 8, 2002

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

Board Members Present: John Purchase, Scott Greco, Dick Greco, David Ellison, Henry Burnett

Board Members Absent: Keith Cicero Mary Carroll

Facilitator: John Purchase, President

Recording Secretary: Debbie Madsen

Non-Shareholders Present: Matt Faneuf

Shareholders Present: Gerald Green

Call to order by John Purchase 7:12PM

Acceptance of Minutes

- In 2nd paragraph under stockholder concerns, Ellison did not deliver letters to all on Pool Rd. The line “Ellison Construction delivered letter to all Pool Road residents” is to be deleted. The Pool Rd drainage issue was resolved.
- In Water Committee Report, the site pad descriptions are reversed. It should read “Both sites will require new cement pads; Site 5 estimated at \$5-7,000 and Site 2 estimated at \$10,000”

Motion to accept the September General Minutes with amendments by Scott Greco. Second by Henry Burnett. Motion carried all.

Acceptance of Financial Report

There is an error in September expense reporting for Account 430 and 435. They are reversed. Financial Assistant is to correct entry to reflect proper Signage account. Motion to accept the September Financial Report by Dick Greco. Second by David Ellison. Motion carried all.

Stockholders Concerns

- Debbie Madsen advised that Lisa Ann Strand (Budget Committee) is interested in the status of meters. Scott Greco reported that starting in November work will be performed to change connections over to new lines and meters will be installed. The plan is to incrementally implement metering without impact to budget.
- Gerald Green, TEC-ERA
 - (1) Work is required to compare the APN numbers to addresses on the As-Built drawings. The date requested to have completed is 10/14/02. John Purchase stated that a volunteer is needed to perform this work since Mona Diethrick, Financial Assistant does not have the time to complete the task. Ms. Elizabeth Vance has been agreed to do this work.
 - (2) Reimbursement check 3292 for expenses \$75.95 submitted 9/3/02 was written to Gerald Green with memo DBA TEC-ERA. Mr. Green indicated that the reimbursement is not to be reported as income to TEC-ERA and advised the board that the Forest Lakes Treasure had refused his request. Debbie Madsen indicated that accounting firms, Walters and Kondrasheff and DC Associates were consulted for proper handling of his request whereby it was communicated that the Board (via vote) or the President (in writing) must approve this accounting change. There was no refusal only clarification of requirements. Dick Greco motioned that the Board approve the request by Gerald Green to not reflect the reimbursement check as income to TEC-ERA. Dave Ellison seconded the motion. Motion carried all.

General Session Highlights:

Water Report by Water Foreman

Matt Faneuf reported 2,317,390 gallons water usage in September. This usage is 1,854,600 gallons more compared to the 1985-1995 ten-year average and more than any peak month; however, in 1997 there was 2,560,000 gallons. Pederson property meter usage at 2950 gallons/day. The Quarry has provided 11.5 acre ft through September of the 18 acre ft allocation. Their wells are under producing and the Quarry is aware of it. There was one customer complaint concerning strong chlorine smell and poor quality of water. When checked, the chlorine showed proper levels. It was suggested that the resident drain the hot water heater to clear any potential sediment. No further complaints were received. No meters were installed in September and no Pipelines were flushed. There were two system repairs. The first was on Gold Gulch when a contractor hit an exposed pipe; 3-4,000 gallons of water lost. The contractor was issued a bill for the repair. The 2nd repair resulted from Forest Lakes road work performed on a culvert on Scenic. Unexpected piping in a creek bed was hit. Water Testing for VOC and SOC

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(\$19,200 estimated) has been postponed. Department of Health Services must finish the geographic tests for vulnerabilities in Santa Cruz county. There is still the possibility for waivers in these tests.

Mike Glassier is installing above ground pool with capacity of 12-15000 gallons. David Ellison will provide Water Conservation rules so that proper filling of the pool is managed. **All residents should be aware that they must communicate to Forest Lakes when they fill their pool or hot tubs.**

Tanks 2 and 5 need replacement in 2003. There are issues with both tanks making the work more difficult. The road access due to low power lines need correction at Tank 5. Easement access agreement from the property owner for Tank 2 is needed. Matt has advised that Tank 5 is at risk in the event of an earthquake.

The road repairs on Scenic were completed. The upper road area on Scenic needs to be paved.

Water Committee Report

Central system is distributed by a booster pump that has no backup. David Ellison motion \$2500 from Capital Improvement Account 140 (Pumps) to purchase a second pump. Henry Burnett seconded the motion. Motion passed all.

Recreation Report

\$322 was raised from the Flea Market bringing total Park Fund to \$2749. Upcoming events include:

10/26 Halloween Carnival 11/23-24 Felton Firehouse Bazaar

The Recreation Committee provided recommendation for placement of the Historic Sign. Henry Burnett motioned to place the sign at the Lake BBQ above the retaining wall. Seconded by David Ellison. Motion passed all. There are rules concerning the installation of a slide at the pool as well as the present diving board. San Jose Insurance advised that there is no diving board permitted per the liability insurance for Forest Lakes. A meeting to discuss the lake recreation equipment will be held 10/14, 7:30PM at office.

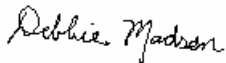
Budget Committee

The 2003 budget was presented to board. This budget identified \$42K in Capitalized funds for one tank replacement. Dick Greco motioned to allocate \$72,500 in the Capitalized fund to replace both tanks. Second by Scott Greco. Motion passed all. The 2003 budget with this revision was approved. There is no increase to assessment for 2003 at this time.

Motion to close submitted by Dick Greco. Seconded by David Ellison. Motion carried all.

Close at 9:50PM

Respectfully Submitted



Debbie Madsen, Secretary/Treasurer
Forest Lakes Mutual Water Company