

San Miguelito Mutual Water Company

Minutes of the Regular Board of Director's Meeting

9:00 A.M. Friday, July 17, 2020

I. CALL TO ORDER AND ROLL CALL

Meeting called to order by Board President Marvin St Pierre at 9:02 a.m.

Board Members Present: Marvin St Pierre, John Delehant, Michael Nordstrom, Rob Rossi, Rick Koon
Board Member Absent: Gary Garcia
Staff Members Present: Brad Hagemann & Michelle Edson
Consultants Present: Timothy Carmel, Legal Counsel
Guests: Heron Crest Resident: Larry Bittner, Kingfisher Resident: Carol Hayden, Indian Hill Resident: Heather Nelson, Rossi Enterprises, Steve Rossi and Once Upon A Time Trustee Paul Metchek

II. PUBLIC/SHAREHOLDER COMMENT –

- III. Larry Bittner stated in regards to item IV. Agreement to Transfer Water Well and Facilities he would like to know the benefits to the shareholders. He would also like to know where to find the Annual Board Meeting packets and other Board Meeting Packets. Brad let him know that we would send an email with the link and directions. During Item IV. Larry also questioned the legality of the agreement
Carol Hayden requested that the Board of Directors solicit names from shareholders to assist in the appointment of a replacement for the vacant director position.

IV. REVIEW and APPROVAL OF MINUTES –

- a. June 19, 2020 Regular Meeting Minutes - Motion to approve minutes with one modification made by Rob Rossi seconded by John Delehant. Motion passed 5/0, Garcia absent.

IV. DISCUSSION AND CONSIDERATION OF – Shareholder request to review the legitimacy of the “Agreement for Transfer of Water Wells and Facilities “executed by the Board of Directors on 6/28/2001 – No action was taken. Things learned below:

- Mid Coast Land drilled the wells as a secondary source of water. When the wells were tested it was determined that the quality prevented potable use without extensive treatment.
- The aquifer that supplies these wells appears to recharge quickly with very good yield.
- The transfer was made for the cost of \$24,700. The Agreement allows SMMWC to terminate this Agreement for the same cost whenever the company deems it necessary. The amount collected from the agreement was used to reroute electrical lines for our system.
- The wells are able to be discharged (without a discharge permit) into the golf course pond, thus preserving the condition of the wells.
- SMMWC does not have exclusive rights to the water in our service area. The landowner also maintains rights to water beneath his/her land. A shareholder does not have a legal right to compete with the mutual water company within its service area. The production of the water beneath one's own property for use on that property is not considered to be competing.
- Director Rossi pointed out that this is not “free” water, in that the user pays for the electricity to pump the water and to maintain the wells and the distribution system.
- Director Nordstrom suggested that we have the water “in our back pocket” if we ever need it. We should identify the cost of treating the water and making it potable, especially because of the price of State Water. (though no vote was taken, the directors had general consensus around this).
- Director Koon pointed out that costs for treating this water were included in the 2015 study by Garing Taylor & Assoc.

V. DISCUSSION AND CONSIDERATION TO ACCEPT DIRECTOR SUITS' RESIGNATION – Motion to accept Martin Suits resignation was made by Marvin St Pierre seconded by Rob Rossi. Motion passed 5/0, Garcia absent.

VI. DISCUSSION AND CONSIDERATION TO FILL THE BOARD VACANCY – The Board of Directors considered what has been done in the past to fill a Directors vacancy and the time period only being 9 months. Motion by Rob Rossi to post a notice on our website and to send an email to SLBE HOA members. Motion passed 5/0, Garcia absent.

VII. DISCUSSION AND CONSIDERATION TO APPROVE GM DESCRIPTION AND PROJECT LIST – Motion to approve the presented job description with additions to Education and Experience Section of

- Preferable to have knowledge of the State Water Project
- Knowledge of Water Distribution /Treatment and Wastewater Collection/Treatment

made by John Delehant seconded by Rob Rossi. Motion passed 5/0, Garcia absent.

Motion to solicit candidates for the General Manager position using the approved job description through the usual sources made by Marvin St Pierre seconded by John Delehant. Motion passed 3/2, Garcia absent.

VIII. REVIEW AND DISCUSSION OF MID YEAR BUDGET - The Board of Directors were provided with a graph of the operational expenses to date. Expenses were all at 50% of budget or less so the company is right on target. The Board reviewed the Capital budget with some revisions to the budget due to unexpected costs for the 8 inch steel line behind the water treatment plant project. A plan to reallocate funds from other projects not yet started was reviewed and agreed to.

IX. GENERAL MANAGER'S REPORT -

- Administration

- Water Systems Usage Report completed
- Annual Consumer Confidence Report (CCR) completed and mailed to all customers
- AVMWC CCR's completed and mailed
- New hires employee paperwork gathered and reported to EDD

- Operations

- Monthly Water and Wastewater compliance sampling
- Monthly reports sent to regulatory agencies
- Water and Wastewater rounds daily
- Sludge Removal from Treatment Pond to drying Pond #1

- Capital Projects

- Replacement doors for lift stations have been installed, Project completed
- 8" water line project is approximately 65% complete; new isolation valves at top and bottom of the line have been installed; met with contractor and new 6"high density polyethylene (HDPE) pipeline (that will be installed in the old 8" steel line) ordered and scheduled to be installed the week of July 20; project should be completed by the end of August

-Additional Projects

- Marre Weir - Creek Lands, WSC and GHD Engineering are working on design plans with CDF&W

IX. FINANCIAL STATEMENT

The Board Management Report for June 2020 was presented by Interim General Manager Brad Hagemann with the following highlights:

Cash and Reserve Funds as of June 30, 2020, are:

Operating Cash	Operational Contingency Reserves	State Water Reserves	Capital Reserves
\$119,225	\$355,410	\$161,239	\$3,794,911

X. BOARD MEMBER COMMENT - Board President Marvin St Pierre reported that he had received an email from Board Secretary Gary Garcia. He read the last paragraph for notice. "Based upon the foregoing and recognizing that my 35 years of management experience does not make much difference in the current environment, I have decided to resign as a SMMWC director and secretary effective on or before (based on my physician's guidance) the May 2021 annual meeting. During my remaining months of service, I will participate as my health permits and might need to miss some meetings due to personal and medical issues."

President St Pierre to send a copy of the entire email to each Director.

XII. ADJOURNMENT - Meeting was adjourned at 10:29 a.m.

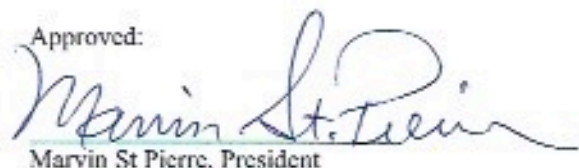
Proceeding reported by:

Michelle Edson, Accounting & Administrative Manager

Respectfully Submitted,


John Delehant, Financial Officer

Approved:


Marvin St Pierre, President