

DRAFT

Squaw Valley Mutual Water Company Minutes of the Annual Meeting

Held on September 1, 2007 at 10:00 a.m. in the PSD community room.

Board members present: Terry Deveau, John Chisholm, Alisa Adriani, Liz Day, Margot Garcia, and Les Wilson.

Staff present: Randy Dresselhaus, Operations Manager, Cory and Ann-Marie Giese, Office Managers.

Members: Harold and Cecile Weaver, Joan Klaussen, Patti Guilford, Dave Brew, Dan Kenney, John Coyle, Frost Proleau, Beverly Wilson, Stephanie and Roger Pierucci, Ron Ziegler, Greg Parker, Russell Poulsen, Marleen Barnett, Myron Taranow, Dale Cox, Julee Rosa, J.A. Hudson, David Mercer, John Reid, Janean Foote, and Charles Luckhardt,

Vice President Terry Deveau called the meeting to order at 10:07 am. Cory Giese stated that there were 63 proxies mailed in, making a quorum of members present and or represented by proxy.

There was no secretary's report as Les Wilson had resigned as Secretary at the end of the earlier Board meeting.

Liz Day, Treasurer gave a treasurer's report – see Board packet for details.

Margot Garcia went over the four different five-year financial projections she had made; one with no manager and no dues increase, one with no manager and a dues increase of 5% in the second year and 5% in the third year, one with a manager at \$20,000 a year and no dues increase, one with a manager at \$20,000 and a dues increase of 5% in the second year and 5% in the third year. The goal was to show how we could accumulate enough money to pay for a replacement for the old redwood tank. The draft scenarios are attached.

The members asked the board to look into an office manager who would also be a general manager. They suggested all we needed was a person to send out the bills and account for the money that came in and was spent. Patti Guilford asked the Board to look at a 3% dues increase instead of a 5%.

Russell Poulsen expressed his concern over the 250 acres the Mutual had acquired that were formerly in the Poulsen Trust. He stated that there had been landslides from those

lands that had caused damage to homes. The homeowners were looking for someone to sue. In the winter the land becomes saturated with water and when it is viscous it slides. He felt that every shareholder in the Mutual was open to enormous liability. Julee Rosa stated emphatically that we should get out of owning the land. "It put us all in extreme financial danger."

Dale Cox asked why the "purchase" of the land had been done covertly. Why was there no input from the shareholders who were now laden with the risk? Why not give the shareholders an opportunity to speak about it. He stated the State of California had labeled it one of the most dangerous hillsides in the state. Was the "purchase" done legally? Julee Rosa asked if the vote to acquire the property was unanimous. John Chisholm said that the Board is required to detail how it happened. He stated that there had been efforts made to figure out how to mitigate the liability and there were a number of options on the table.

When the audience was asked for a show of hands, only one person favored keeping the property. The shareholders didn't like the way the property was acquired. Someone asked how much insurance the Mutual has to protect itself in case of a landslide. Russell Poulsen and Dale Cox both favored getting the "sale" rescinded as fast as possible. The audience agreed.

Terry Deveau suggested the board make an outline of the assets and liabilities of the property before reaching a decision.

Dale Cox also recommended that the Mutual move forward with its capital improvement plans. He felt it was important to keep Mutual Well #1 in the best shape possible. Money should be in the capital improvement plan to improve the wells. There is no seal on Well #1 or Well #2.

Randy Dresselhaus pointed out that the concrete goes down 50 feet on Well #1 and down 100 feet on Well #2. If we need to rehab Well #1 we would have to drill deeper. Well #1 yields 200 gallons per minute and Well #2 yields up to 240 gallons per minute. The water clarity in both wells is fine. The pH of the horizontal well water is 7 and pH of wells #1 and #2 is 6.5. That requires the addition of caustic soda in order to avoid deterioration of the cement asbestos pipe as minute particles of asbestos are carcinogenic. Randy thinks replacement of the redwood tank is the most critical repair needed in the system.

Dale Cox, on behalf of the shareholders, thanked Randy for all his time and effort to keep the system functioning. He noted that Randy has given service beyond the call of

duty. Dale suggested putting ads in the trade magazines in the effort to find Randy's replacement.

Cory Giese gave an office manager's report. He requested email addresses from everyone so that they can get boil-water- notices out quickly to the members. So far he has only gotten five emails with people's email addresses. Please send them to svmwcinfo@gmail.com.

Margot Garcia gave a report on the upcoming newsletter and also on her participation on the Groundwater Management Plan Advisory Committee on which she serves.

At the call of old business, a member of the audience brought up the possible sale of the Mutual to the Public Service District.

The next item of business was the election. Anne-Marie and Cory Giese counted the ballots that were cast at the meeting, making sure that no one who had cast a ballot at the meeting had also mailed one in. The results were:

Alisa Adriani	95
Stephanie Pierucci	70
David Salinger	56
David Mercer	41
Ross Zeigler	29
Liz Day	28
Les Wilson	25

The top three candidates, Alisa Adriani, Stephanie Pierucci, and David Salinger were elected to the board.

Margot Garcia thanked Les Wilson and Liz Day for their years of service to the Board and the Mutual Water Company and each were presented with a small gift of appreciation.

There being no further business, the meeting was adjourned at 10:50 am.

Transcribed from notes taken by Margot Garcia.

Scenario: No General Manager

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Income					
Capital Assmt	\$94,640.00	\$94,640.00	\$94,640.00	\$94,640.00	\$94,640.00
Operations Assmt	\$99,400.00	\$99,400.00	\$99,400.00	\$99,400.00	\$99,400.00
Water Service dues	\$76,905.00	\$76,905.00	\$76,905.00	\$76,905.00	\$76,905.00
Interest	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
Late Charges	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Total	\$274,745.00	\$274,745.00	\$274,745.00	\$274,745.00	\$274,745.00
Expenses					
Maintenance Contract	\$30,000.00	\$30,900.00	\$31,827.00	\$32,781.81	\$33,765.26
Accounting Contract	\$25,000.00	\$25,750.00	\$26,522.50	\$27,318.18	\$28,137.72
Water Testing	\$6,500.00	\$6,695.00	\$6,895.85	\$7,102.73	\$7,315.81
Water Treatment	\$18,100.00	\$18,643.00	\$19,202.29	\$19,778.36	\$20,371.71
Utilities	\$9,750.00	\$10,042.50	\$10,343.78	\$10,654.09	\$10,973.71
General Insurance	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Office Supplies	\$4,500.00	\$4,635.00	\$4,774.05	\$4,917.27	\$5,064.79
Web Page	\$1,550.00	\$1,596.50	\$1,644.40	\$1,693.73	\$1,744.54
Legal	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Maint. Supplies	\$6,000.00	\$6,180.00	\$6,365.40	\$6,556.36	\$6,753.05
Fees, Taxes, Licen.	\$3,380.00	\$3,481.40	\$3,585.84	\$3,693.42	\$3,804.22
Plumas Loan, P & I	\$40,725.48	\$40,725.48	\$40,725.48	\$40,725.48	\$40,725.48
Misc*	\$3,620.00	\$3,620.00	\$3,620.00	\$3,620.00	\$3,620.00
LOC Payout	\$45,000.00				
Total	\$224,125.48	\$182,268.88	\$185,506.58	\$188,841.42	\$192,276.29
Left for Cap Projects	\$50,619.52	\$92,476.12	\$89,238.42	\$85,903.58	\$82,468.71
Cumulative		\$143,095.64	\$232,334.06	\$318,237.64	\$400,706.35

*Misc includes dues, directors reimbursement, and bank charges.

LOC stands for Line of Credit

Capital Projects

New 200,000 gallon steel tank approx \$300,000

Redoing connection boxes with yokes: approx \$67,000

Finishing replacement of substandard line

Water Meters 280 @ \$200 = 56,000

Scenario: General Manager at \$20,000/yr

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Income					
Capital Assmt	\$94,640.00	\$94,640.00	\$94,640.00	\$94,640.00	\$94,640.00
Operations Assmt	\$99,400.00	\$99,400.00	\$99,400.00	\$99,400.00	\$99,400.00
Water Service dues	\$76,905.00	\$76,905.00	\$76,905.00	\$76,905.00	\$76,905.00
Interest	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
Late Charges	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Total	\$274,745.00	\$274,745.00	\$274,745.00	\$274,745.00	\$274,745.00
Expenses					
Maintenance Contract	\$30,000.00	\$30,900.00	\$31,827.00	\$32,781.81	\$33,765.26
Accounting Contract	\$25,000.00	\$25,750.00	\$26,522.50	\$27,318.18	\$28,137.72
General Manager	\$20,000.00	\$20,600.00	\$21,218.00	\$21,854.54	\$22,510.18
Water Testing	\$6,500.00	\$6,695.00	\$6,895.85	\$7,102.73	\$7,315.81
Water Treatment	\$18,100.00	\$18,643.00	\$19,202.29	\$19,778.36	\$20,371.71
Utilities	\$9,750.00	\$10,042.50	\$10,343.78	\$10,654.09	\$10,973.71
General Insurance	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Office Supplies	\$4,500.00	\$4,635.00	\$4,774.05	\$4,917.27	\$5,064.79
Web Page	\$1,550.00	\$1,596.50	\$1,644.40	\$1,693.73	\$1,744.54
Legal	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Maint. Supplies	\$6,000.00	\$6,180.00	\$6,365.40	\$6,556.36	\$6,753.05
Fees, Taxes, Licen.	\$3,380.00	\$3,481.40	\$3,585.84	\$3,693.42	\$3,804.22
Plumas Loan, P & I	\$40,725.48	\$40,725.48	\$40,725.48	\$40,725.48	\$40,725.48
Misc*	\$3,620.00	\$3,620.00	\$3,620.00	\$3,620.00	\$3,620.00
LOC Payout	\$45,000.00				
Total	\$244,125.48	\$202,868.88	\$206,724.58	\$210,695.96	\$214,786.47
Left for Cap Projects	\$30,619.52	\$71,876.12	\$68,020.42	\$64,049.04	\$59,958.53
Cumulative		\$102,495.64	\$170,516.06	\$234,565.10	\$294,523.63

*Misc includes dues, directors reimbursement, and bank charges.

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Capital Projects

New 200,000 gallon steel tank approx \$300,000

Redoing connection boxes with yokes: approx \$67,000

Finishing replacement of substandard line

Water Meters 280 @ \$200 = 56,000

Prepared by Margot Garcia Aug 29, 2007

Scenario - Dues Increase, No manager

5% 2008-2009; 5%2009-2010

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Income					
Capital Assmt	\$94,640.00	\$99,372.00	\$104,340.60	\$104,340.60	\$104,340.60
Operations Assmt	\$99,400.00	\$104,370.00	\$109,588.50	\$109,588.50	\$109,588.50
Water Service dues	\$76,905.00	\$80,750.25	\$84,787.76	\$84,787.76	\$84,787.76
Interest	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
Late Charges	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Total	\$274,745.00	\$288,292.25	\$302,516.86	\$302,516.86	\$302,516.86
Expenses					
Maintenance Contract	\$30,000.00	\$30,900.00	\$31,827.00	\$32,781.81	\$33,765.26
Accounting Contract	\$25,000.00	\$25,750.00	\$26,522.50	\$27,318.18	\$28,137.72
Water Testing	\$6,500.00	\$6,695.00	\$6,895.85	\$7,102.73	\$7,315.81
Water Treatment	\$18,100.00	\$18,643.00	\$19,202.29	\$19,778.36	\$20,371.71
Utilities	\$9,750.00	\$10,042.50	\$10,343.78	\$10,654.09	\$10,973.71
General Insurance	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
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Fees, Taxes, Licen.	\$3,380.00	\$3,481.40	\$3,585.84	\$3,693.42	\$3,804.22
Plumas Loan, P & I	\$40,725.48	\$40,725.48	\$40,725.48	\$40,725.48	\$40,725.48
Misc*	\$3,620.00	\$3,620.00	\$3,620.00	\$3,620.00	\$3,620.00
LOC Payout	\$45,000.00				
Total	\$224,125.48	\$182,268.88	\$185,506.58	\$188,841.42	\$192,276.29
Left for Cap Projects	\$50,619.52	\$106,023.37	\$117,010.28	\$113,675.45	\$110,240.57
Cumulative		\$156,642.89	\$273,653.17	\$387,328.62	\$497,569.19

*Misc includes dues, directors reimbursement, and bank charges.

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Scenario" Dues increase with a general manager	5% 2008-2009; 5%2009-2010				
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Income					
Capital Assmt	\$94,640.00	\$99,372.00	\$104,340.60	\$104,340.60	\$104,340.60
Operations Assmt	\$99,400.00	\$104,370.00	\$109,588.50	\$109,588.50	\$109,588.50
Water Service dues	\$76,905.00	\$80,750.25	\$84,787.76	\$84,787.76	\$84,787.76
Interest	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
Late Charges	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Total	\$274,745.00	\$288,292.25	\$302,516.86	\$302,516.86	\$302,516.86
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LOC Payout	\$45,000.00				
Total	\$244,125.48	\$202,868.88	\$206,724.58	\$210,695.96	\$214,786.47
Left for Cap Projects	\$30,619.52	\$85,423.37	\$95,792.28	\$91,820.91	\$87,730.39
Cumulative		\$116,042.89	\$211,835.17	\$303,656.08	\$391,386.47

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