

SQUAW VALLEY MUTUAL WATER COMPANY
Minutes of the Board of Directors Meeting
November 3, 2007

Directors present: Alisa Adriani, Terry Deveau, Margot Garcia, David Mercer, Stephanie Pierucci, David Salinger

Director absent: John Chisholm

Staff Present: Randy Dresselhaus, Operations Manager
Cory and Ann-Marie Giese, Officer Manager

Members: Harold & Cecile Weaver, Dave Brew, Russell Poulsen, Bob Clark, Allen Riley, Herbert Magnuson

Guests: None

#1. Call to Order at 9:10 AM by Board President, Margot Garcia, President.

#2. Roll call, quorum was noted. (see above)

#3. Approval of Agenda – Two items were added to the Agenda as circulated: Under the President’s report time was added for a call to the audience, and under item # 8 the Board needs to decide on renewing the line of Credit with Plumas Bank. Margot noted an additional Agenda item for future meetings will be Board compensation and Review of the company By-Laws.

Moved/Seconded/Passed to adopt Agenda as amended.

#4. Minutes from the last Board 09/01/07 Annual Meeting.

Action: Deferred.

Board asked for time to review the Minutes of September 1 for the 9 o’clock Board meeting and the 11 o’clock Board meeting defer approval of such until next 01/05/08 meeting. Attached to the minutes are Resolution 07-10, Authorizing Bank Signatures on SVMWC Accounts, the Operations Manager Job Description; and Resolution 07-11 Rescinding action of purchase for Seven Land Parcels from Placer County.

#5 Agenda Item - Report from President, Margot Garcia.

Margot presented a follow up of board activity since the 09/01/07 meeting which included: Finances; Rescinding the 7 parcels property; Insurance on the 7 parcels if, indeed, the purchase is complete; Easements; Logo/Letterhead design. (See attached) With regard to rescinding the “sale” of the seven parcels to the Mutual, Margot discussed the issue of deciding on counsel to assist us since a letter to Sabrina Thompson, Placer County Counsel, requesting the rescinding of the “sale” resulted in her reply that we needed to develop the arguments she would need to make before the court. Margot had gotten an indication of interest and estimate of cost from Mooney and Burch. Terry

Deveau suggested Michael Brown of Brown and Sullivan, an attorney he uses for commercial real estate deals, and Alisa Adriani wanted to add a name. Margot said she would accept nominations of names to represent the Mutual until Wednesday, November 7. She would call and interview the attorneys on the 8th and 9th and send out a report of her findings. She asked for a vote by the Board by Monday, November 12 at 5 o'clock.

Action: M/S/P Motion to hire legal counsel to rescind sale and that the counsel is authorized to speak for the Mutual with the County Counsel and the County Administrator. Margot stated she had read the three easements covering access to tanks and eastern and western horizontal wells and for pipes and telemetry to those sites. The copies of the easements we have do not have the exhibits, which are drawings of where the easements go. Russell Poulsen said he had the exhibits that West Yost drew from their surveying of the easements that were staked out on the ground as Les Wilson, Russell Poulsen, and Roger Pierucci negotiated them. Margot is to ask Roger Pierucci for the maps. Russell said the Poulsens are comfortable with the language and maps as drawn. The two trustees of the Poulsen estate will be able to sign the easements. In summary, Margot will go over the easements with Roger Pierucci, get the maps from West Yost, and have David Mercer and Randy get the maps and walk over the land with them.

#5a Agenda Item - Shareholders Comments, Questions, New Business

Several attending shareholders presented questions regarding the liability of Les Wilson's activities that did not comply with the California Nonprofit Corporations rules of Board actions; thanked the current board for their valuable and thankless time; Dan Kenney questioned John Chisholm's board attendance status and if John will be holding his seat in the future; Russell Poulsen asked the board to continue with the work toward easement signature and if he can provide any assistance to please contact him ASAP. Margot stated that she will be meeting with Roger Pierucci the next day to bring her up to speed and promised Russell the easements will get signed as soon as possible.

#6 Agenda Item – Report from Treasurer, Alisa Adriani:

Action - Grant Research Subcommittee: Margot Garcia, Dan Kenney and David Mercer.

Alisa submitted the treasurer's report to date. She suggested the need for government grant application for future assistance of this company's desperate financial need and to research which grants the SVMWC might qualify. David Mercer suggested that his wife, Victoria, a career grant research specialist, could be of assistance. A shareholder and board subcommittee was formed. Subcommittee report should be on the agenda for the next meeting.

Alisa also asked the Line of Credit be Renewed and an approval for such is needed. She noted that these credit lines are needed frequently to bridge the financial gaps during the spring, early summer repairs and income. Alisa noted the Plumas Bank long term note has four more payments and referenced an email from Cory sent earlier this week.

Authorizing Renewal of Line of Credit at Plumas Bank
For the Squaw Valley Mutual Water Company

WHEREAS the Squaw Valley Mutual Water Company has had a line of credit over the last year with Plumas Bank, and
WHEREAS last year the line of credit was \$150,000,

THEREFORE BE IT RESOLVED THAT the line of credit with Plumas Bank for \$150,000 be renewed for another year, and further

BE IT RESOLVED THAT Margot W Garcia, President of Squaw Valley Mutual Water Company, Alisa Adriani, Treasurer of Squaw Valley Mutual Water Company and David Mercer, Director of Squaw Valley Mutual Water Company be the signators on this account.

Action: Moved by Alisa Adriani and Seconded by Terry Deveau to adopt Resolution 07-12. Passed by a vote of 5 Ayes, 0 Nays, 1 Absent.

Action: Motion made by Alisa, Seconded by Terry and passed by a board vote of (5-0) to keep both lines of credit open as currently in place and pay the fees of \$275 and \$150 for these accounts. These are in two different banks and the annual fees have remained the same.

Meeting Break was taken. Director David Salinger left with family commitments.

#7 Report from Operations Manager, Randy Dresselhaus. Randy announced that his last day of work would be December 15, 2007.

Former General Manager Les Wilson had requested Randy to arrange for Liquid Engineering to make a dive in both the Redwood and Steel tanks, to check their condition, and to repair any leaks that were found. Alisa asked to see the contract for the cost of time and materials, and that in the future for any contracts brought to us for action, board members should be given a copy of the contract in advance of the meeting.

Action: M/S/P that Randy proceed with the inspection with verbal report on the steel tank and to have the company patch the major holes in the redwood tank.

#8 Report from Office Manager – Cory Giese. An Office Manager's Packet dated 11/03/07 was attached to each director's package (see attached) – Cory explained that he went back to when McClintock audited the Mutual and has reconstructed the financial statements since then. Page 2 is a statement of revenue and expenses, page 5 is a comparison of actual expenditures to the budget. Overall the Mutual appears to be in good financial health. The Board needs to look at reallocating assessments because the current allocation system for member assessments underestimates the amount needed for Operations. Cory suggests combining operations and water service under an operations fund. When Cory projects operations for the year, and already committed capitol funds, there is \$42,680 expected remaining for the rest of the fiscal year. Conservatively, that means there is about \$20,000 that can be used to replace the redwood tank.

#9 Report on replacing Redwood Tank, Engineering and Financing – David Mercer

David reported on the two companies (Crosno Construction and Resource Development) that he has talked to that have shown an interest in the redwood tank replacement. Resource Development engineered and constructed the steel tank. Both estimates so far are in the \$350k range for a 200k tank. He has talked to Marcus and Hands Burkhart who will tear down and remove the redwood tank and underlying concrete for free. He talked to Chief Pete Branson and he said there are no specifications on the amount of water needed for fire protection. He thought 200,000 gallons would be fine. David checked with Placer County and there is no need for a grading permit, they will want Mutual to have a minor use permit that requires meeting with them and answering some environmental questions. They also need to sets of plans with a site plan and engineer stamp. Mutual will need to buy (then resell) three to four polypropylene temporary tanks while the redwood tank is out of operation.

Action: to submit a formal bid on constructing a 200,000 gallon welded steel tank on the current redwood tank location. They are to provide information on size and dimensions, engineering, information for permits, construction, hook up, including temporary water provision and their warranty.

Financing will be in place by the spring. The Financial Scramble: Cory will explore loans with Plumas Bank, Margot will research private bonds, and Alisa suggested looking for government grants. David suggested shareholder assessments. Margot said when all the options get fleshed out, she will write a letter to all SVMWC shareholders apprising them of the financing options, asking if any of the shareholders would be willing to loan the money to the Mutual, and request the shareholder return a survey with their preferences for funding.

Alisa noted she wants a qualified engineer hired to report on the need for another tank in the first place. After discussion of this need, board members noted that in the event of an emergency such as water contamination or fire, two tanks provided a measure of safety with their redundancy.

David had also talked to a person about hydrofracture of the horizontal wells. High-pressure potable water is shoved into the well in order to fracture surrounding rocks and release greater water flow. The western horizontal well would be a candidate for such treatment. The eastern horizontal well needs to be redrilled because of the contamination.

#10 Report from Personnel/Compensation Committee – Replacement of Operations Manager.

Again, Randy said he is leaving with his container to Hawaii on December 15th. The board all asked Randy to reconsider subcontracting out to another employee during his 4 months while surfing. Discussion on how to compensate, workmen comp and insurance for the concept showed this is not workable. Alisa has no applicant to recommendation for board review. Board members and Randy gave her ideas of where to post a flyer for this position. She will ask PSD if they have any recommendations, talk to the plumbing contractors in Tahoe area that Randy approves, and report via email all updates.

#11. Report on recording of access easements – Terry Deveau. See President's Remarks on #4 Agenda Item.

#12 Report on telephone system changes – Cory Giese

Report on phone switch options (see Page 7 of Office Manager's Packet)

Action: M/S/P That the exiting main phone line (530) 583-364 be moved to the Giese Accounting and Tax office as a dedicated SVMWC line and add a messaging service that can be remotely accessed.

#13 Report on costs for updating website – Anne-Marie Giese

Anne-Marie had contacted several web design companies about providing a website for the Mutual. She got two very similar bids from Sdbx Studio and Small Pond. The board discussed the need for a new website. Alisa asked that pointers be made for SVMWC and Squaw Valley Mutual Water Company as well as current mixed version.

Action: M/S//P that Anne-Marie Geise contact Small Pond and accept their bid for building a website with the cost to be less than \$3,400.

#14 Reports from Committee/Task Force/Groups dealing with water in Squaw Valley – Groundwater Management Plan, Squaw Valley Technical Review Committee and the SVPSD Board/Sewer/Water Committee.

David Salinger will represent the SVMWC on the Tech Review Committee which meet twice a year – He will contact Roger Pierucci for the history of the TRC since Roger oversees the Committee and the SVMWC has ½ vote on the TRC. David Salinger attended the last PSD Board meeting and reported on results of drilling in the meadow as part of the exploration of an aquifer storage and retrieval process. The aquifer in the meadow is not conducive to such a project.

#15. Evaluation of how the new board is working without a GM:

General Board discussion noted the accounts payable has worked itself out. Bank password information for online pay has been updated and Cory asked that he be notified when funds have been transferred in order to confirm that there are funds for the on-line payments. Minutes are needed in time for board packets for insertion before future meetings. Alisa noted that SVPSD minutes are worth reading from their web site to keep updated. It was noted that each quarterly SVMWC Shareholder Newsletter is mailed at an approximate \$500 cost – website email notices was discussed to possibly replace newsletters some time in the future.

Next meeting is 9:00 a.m. on Saturday, January 5, 2008 in the PSD Community Room

Meeting adjourned at 1:15 p.m.

Stephanie Pierucci, Secretary