

SQUAW VALLEY MUTUAL WATER COMPANY

Minutes

Annual Meeting of the Members
Public Service Administration Building
10:00 AM Saturday August 30, 2008

Directors Present: Alisa Adriani, John Chisholm, Terry Deveau, Margot Garcia, David Mercer, and David Salinger

Directors Absent: Stephanie Pierucci

Staff present: Anne-Marie and Cory Giese, John Collins, Bill Mullins

Members and Guests Present: Ken Bossung, Carl Gustafson, J.D. Garcia, Athena Garcia, Jeri Mullins, Pam Roca, Allen Riley, Cecil Weaver, Harold Weaver, Brian Sheehan, Betty Owens and guest, Walter Nelson, Frost Prioleau, Buck Thys, Herb Magnuson, Florence and Carl Wild, R. Wall, Dan Kenney, Bob Clark, Lynn Suter

1. *Call the meeting to order*

President Margot Garcia called the meeting to order at 10:00. There was a quorum of the Board of Directors present. Everyone in the room introduced themselves. Anne-Marie Giese announced that 69 proxies had been received and we have a quorum of members present.

2. *Adopting the agenda*

Moved/Seconded/Passed (Terry/Alisa) to adopt the agenda on the handout.

3 *Minutes of the last annual meeting*

Margot pointed out that the minutes of the last annual meeting were in the packet for information.

4. *President's Report*

This year Margot Garcia wrote her report about all the things that have happened this year. See attached report.

We thanked Bill Mullins for his almost-year of on the ground operations and wished him well in his future endeavors.

Margot then talked about the Draft Supplemental Environmental Impact Report for sewer and water service by the Public Service District. She presented a table of the cumulative impacts of terms of population increase and water use developed from the report. The table is attached.

5. *Treasurer's Report*

Alisa presented the treasurer's report. She went over the budget for the next year. She also mentioned that we are thinking about charging fees for services like plan check, service taps, and final inspection of new services or remodels. Alisa also mentioned that we are looking into billing quarterly. Despite increased costs of sending out bills, billing quarterly would make

the fees more palatable to the members, and would result in a smoother cash flow. Alisa is also researching how many people pay all at once, pay semi-annually, and how many are charged late fees.

6. Operations Manager's Report

John Collins noted that we are pumping more water this year than last year. The high pumping in January was probably due to the large leak. We are having ongoing issues with major breaks and problems with the wells. See attached report.

7. Office Staff Report

Anne-Marie Giese reported on the number of members who have paid. A discussion ensued about different ways to pay and impact on the cash flow.

There was a 5-minute break while the Auerbach team set up their presentation.

8. Report from Auerbach Engineers

Wally Auerbach and Brie Allen made a presentation of their work on a master plan for the water company. They are about 75-80% complete with the project. They went over system details, water demand, water storage, and fire protection. Wally pointed out that asbestos-cement (a-c) pipes are no longer acceptable for potable water systems. Today, fire hydrants should be 400 feet apart, not the approximately 1000 feet that now exists. We need to be able to store 460,000 gallons and we have only 397,000 gallons of storage, so there is a deficit.

When the system is modeled the pressure in the pipes is not within the industry standards, especially when a fire flow of 1500 gpm is pulled from a hydrant. The bottom line is that a number of the pipelines need to be replaced, increasing them in size. A series of prioritized actions were presented, but there was a problem because one of the phases had already been done. With this new information, the priorities will be reevaluated.

The next steps are to redo the model with the new information and develop new priorities for replacements. Also plans need to be made for funding the total of about 2.3 million dollars of system rehabilitation. This does not include rehabilitation of the wells.

The system rehabilitation has implications for fire insurance. If there is not adequate fire flow, it might be very expensive or even impossible to obtain fire insurance. The water tender that the fire department has carries only 2100 gallons. That won't last long at a major fire.

9. Election of New Board Members

There was a last call for ballots and then Cory and Anne-Marie retired to count the votes while Wally Auerbach gave his report. The results were:

Lynn Suter - 93 votes

Ken Bossung - 96 votes

Margot Garcia - 97 votes

We thanked Terry Deveau and John Chisholm for their long service on the board. Margot presented each of them with a little gift - a blue wool cap!

10. Comments from the audience

Questions and comments were taken during the meeting. There were no additional comments made.

11. Adjourn

The Meeting was adjourned at 12:20

Margot Garcia, acting secretary.

Attached: President's report
Operations Manager's Report
Power point slides from Auerbach Engineer

Squaw Valley Mutual Water Company
August 30, 2008
Annual Report from the President

This has been a year of transition and change. The Board of Directors has worked hard to put the business of the corporation in order. This is a report of what we have done and some of the issues still before us.

On February 1, 2008, Judge J. Richard Couzens rescinded his order of June 25, 2007 in its entirety and canceled the quitclaim deed of sale of the Poulsen Foundation Trust Real Property to Squaw Valley Mutual Water Company recorded July 9, 2007. He furthermore agreed that the property should be put up for auction. We have in our files a copy of the cancelled deed that has been recorded. Michael Brown of Bown and Sullivan was our attorney for this law case.

We hired John Collins of Collins Engineering as our Operations Manager in December 2007 and he hired Bill Mullins to do the day-to-day work of operating the wells and tanks. Bill Mullins has resigned and we will have before the new Board a new contract proposal that has several individuals and the SPB corporation providing day-to-day services under the supervision of John Collins. Unfortunately this has resulted in an increased cost of the contract. John Collins also filed with the state of California a required monitoring plan for THMs (Trihalomethanes, a byproduct of organic matter and chlorine) since we are now obliged to chlorinate the water fulltime. The first test for THMs was non-detect (which is what we expected since groundwater is devoid of organic material.)

We contracted in April with Auerbach Engineering to analyze our water system and make recommendations for needed infrastructure replacement (cost: \$47,420). We had a preliminary report at the July Board meeting on the amount of water that the Mutual delivers to its customers on a per unit basis. We deliver 431 gallons per day per unit which is in the middle of surrounding water companies. We should get a report with draft recommendations at this meeting. John Collins was hired to be our interface with Auerbach Engineering, providing needed data, and answering technical questions about our system for a contracted amount not to exceed \$15,250.

The cost of operating our water system has increased, like everything else in our lives. We have worked hard to hold the line on costs, including the \$12,000 legal bill and an increase from \$52,000 per year to \$64,000 per year for operations management. As a result of increased costs, consultation with our members, and long discussions, the Board of Directors voted to increase the membership dues by 20%. This dues increase will bring in an additional \$53,307 for the budget. This will handle costs of chemicals, water quality testing, and repairing leaks as they develop and minor upgrades. For major improvements in the system, the Board decided to use special assessments in addition to grants and loans to pay the costs. The members will be kept up-to-date through the newsletter as the situation unfolds.

Despite a large and expensive leak this winter, and continuing to pay off the loan that was taken out to pay for the Apache-Sandy Way pipe upgrade, we finished the year without having to use our line-of-credit. The Treasurer and President have been paying careful attention to the costs and billings.

We are insured for general liability and officer liability by Rural Special Districts Insurance Company. The insurance became an issue when we were "owners" of the Poulsen Trust lands. Our insurance agent assured us that any liability associated with those lands was covered. However, the concerns triggered an evaluation of our overall liability as a company. Mr. Dennis McShane made a visit to evaluate the Mutual and sent a letter with two suggestions for improving our company's management. The first was to develop a job description and allowable authorities for a General Manager position. We replied that currently we do not have a general manager, but if and when we do, we will have such a document. We also mentioned that we have signed contracts that outline duties and responsibilities for both the office staff and operations manager. The second suggestion was to have the Mutual listed as an additional named insured on contractors' insurance policies. We are collecting copies of insurance policies from our contractors and keeping them on file before we pay them.

Liquid Engineering was hired to assess the condition of both the steel tank and redwood tank (November 7, 2007). The company used a sanitary scuba diving process to video the insides of the tanks and found both to be acceptable. They tried to repair a leak in the bottom of the redwood tank but were unsuccessful due to the low temperature. They rated both tanks as fair for general tank security recommending a security fence around the tanks, equipping vents with security vent shrouds, and installing electronic monitoring of the hatches. They also recommended that the redwood tank be replaced rather than making plumbing or extensive leak repairs.

For nearly ten years we have been negotiating with the Poulsons for easements across their lands to the steel and redwood tanks. I had set a goal to get these signed and recorded by January 1, 2008. By that date I had met with Roger Pierucci, our attorney at that time and discovered what the hurdles were. They included paying West Yost Engineers \$2,364.65 for surveying and drawing up the easements. I asked Russell Poulsen if he would split this remaining fee, since the Mutual and the Poulsons had split the earlier costs. He refused saying they had paid enough. So we paid the fee and got the drawings. Russell Poulsen also declined to sign the easements until the Poulsen Trust Lands were returned to Placer County, which has been accomplished. With the death of Gladys Poulsen, the trust passed into the hands of Eric J. Poulsen and William L. Nagle Esq.. The Poulsen family contracted with Brad Lyle out of Park City Utah to be our contact. I have been in contact with him. On July 31, Stephanie Pierucci (as Secretary) and I as President signed nine documents which have been given to the Poulsons for signature. (For list of documents, see below).

In an effort to improve relations with the Squaw Valley Public Service District (PSD) and establish a cooperative environment for working together on water issues in the valley, we sent a letter of apology for comments in the Mutual's minutes regarding the PSD. "We acknowledge that we will not always agree on how the Squaw Valley aquifer water should be managed, but we pledge that our disagreements will be handled in a professional manner, not impugning the integrity of any board member or employee of the district."

We continue to monitor development in the valley that could interfere with our ability to deliver water to our members. This year we have participated in the Ground Water Plan

Advisory Committee, monitored the plans for re-drilling PSD Well #2, and are following the development of the Draft SEIR for the Water and Sewer Agreement between PSD and the Resort at Squaw Creek.

Four newsletters were mailed out to our members this year.

We are revising our bylaws to allow for voting on motions by email and allowing the Board of Directors to declare a seat vacant when a Board Member has missed two meetings. We are also making minor changes to bring them up-to-date with current practices.

List of Easements (to be signed by both Mutual and Poulsens)

1. West Horizontal Well/Drill Site
2. (A) Infill Steel Tank and Westerly Drill Site and (B) Infill steel tank and easterly drill site
3. Track Road to Easterly Drill Site and Wooden Tank
4. Water Pumping Rights/Grantor Covenant Not to Interfere
5. Horizontal Wells, Pipe, Line/Water System

Quit Claim Deed (to be signed by Poulsens)

1. Horizontal Well/Water System/West Spring Site
2. Horizontal Well/Water System/East Spring Site

Signed by Mutual as part of settlement

1. Release of 500 foot restrictive drilling covenant around Well #1 and Well #2

The Mutual accepts from the Poulsen Foundation Trust the deed to the Easterly Horizontal Well site and Water Distribution system associated with the site.

The above signed documents were given to Eric Poulsen to be signed. As of this date (8/25/08) we have not received the signed documents so we can proceed to record them.

Table 1
Cumulative Development in Squaw Valley as known at this time.

Development	Placer County Permit	Number of Units	Population Added @2.564 per unit	Water Use Approved (AFA)	Applied for Water (AFA)	No Application for Water (AFA)
Vacant lots (Mutual)		15*	38	13.8**		
Vacant lots (District)		77	197			70.84
Olympic Estates	Yes	16	41		14.72	
Resort SC Phase II	Yes	221	567		20.79	
Squaw Valley Academy	Yes	20 unit dorm & SFR				Amount unknown
PlumpJack SV Inn Expansion		?				78.86***
IntraWest I & II	Yes	286		20****		
IntraWest III & IV	Yes	314	805	262		
Red Wolf & Blythe	Yes	Commercial		1.62		
Sena	Applied	200	513			196
Totals		843	2161	297.42	35.51	345.7

* We believe this number to be smaller, but will use it since it is in the DSEIR.

** Mutual members are guaranteed water for their vacant lots.

*** Calculated from 7,300 gpd (pg 5.0-5 and 2005 FEIR PlumpJack SV Inn Expansion, pg 122)

**** IntraWest I & II has not been using all its allotted water and still has 20 AF it can use (pg 5.0-6).

Source: Pages 4.0 1-2 and 5.0-11 to 5.0-13,

Water supplier	West Yost Report 2001			West Yost Report 2005			
	Sustainable 2 dry years (af)	Required at buildout (af)	Sustainable Assumed pumping rates (af)	Sustainable 2 dry years (af)	Scen. 1 existing wells, same pumping	Scen 2 new & existing wells (af)	Scen 3 All wells max pumping (af)
SVPSD	545	1628	1,204	454	806.89	383	592.84
SVMWC	161	202	172	155	201.97	117.43	129.77
Resort SC	261	261	261	261	261	50.39	67.19
18-1						11.48	15.3
18-2						126.53	168.7
18-3						284.99	379.98
PlumpJack						40.14	107.01
Total	967	2091	1637	870	12	1013.96	1560.79

This table has been developed from the two reports to show the different numbers that are being kicked around. The mix between SVPSD and SVMWC for the “sustainable after 2 dry years” has been just made by me. The only number the reports give is the total between the two water purveyors.

Margot W. Garcia, PhD, AICP

Water Operations Report July and August 2008

To: Board of Directors
Date: August 26, 2008
From: John M. Collins, Operations Manager
 Bill Mullins, Operations & Maintenance
 John Minnis, Operations & Maintenance
 Tom Redman, Operations & Maintenance

1. Water System Compliance:

The water system is currently meeting state and federal standards. All samples taken in July and August were negative for Total Coliform and Escherichia Coli.

Took samples for TTHM's and HAA5.

2. Water Production

Production Comparison To Last Year (Total in Million Gallons)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	1.755	1.764	1.849	1.284	3.743	5.057	6.281	7.181	5.518	2.018	1.583	1.722
2008	3.761	2.196	2.132	1.942	3.715	5.638	6.627					

Individual Production (Total in Million Gallons)				
	Well 1	Well 2	Horiz. Well	Total
January	1.477	1.209	1.075	3.761
February	0.595	0.549	1.052	2.196
March	0.430	0.438	1.264	2.132
April	0.347	0.308	1.287	1.942
May	1.229	1.215	1.271	3.715
June	2.218	2.383	1.036	5.638
July	2.685	2.896	1.046	6.627
August				
September				
October				
November				
December				

3. Operations and Maintenance

- Performed daily water supply readings.
- Performed distribution system reading and collected water samples.
- Performed month end meter reads.
- Prepared monthly production and dosage reports and submitted to office.
- Ordered additional chemicals.
- Completed plan check and signed “will serve” letter for 1000 Wayne.
- Inspected water service tap at 1000 Wayne.
- Responded to blown fuse at Well 1.
- Responded to water service leak at 1084 Lanny Lane.
- Responded to request to turn off water at 1520 Lanny Lane.
- Over hauled and serviced PRV and put PRV into service.
- Started work on booster pumps.
- Coordinate with Tahoe Electric and conducted electrical generator start up. Water pump on generator needs replacement.
- Chemical injector pumps all working fine after initial problems in March.
- Attended July Board meeting.
- Continued to organize shop.