

SQUAW VALLEY MUTUAL WATER COMPANY

MINUTES (Approved)

Annual Meeting of the Members September 5, 2009 10:00 a.m.

Call to Order: President Garcia called the Annual Meeting of the Members meeting to order at 10:05 a.m.

Roll Call and Establishment of Quorum: Secretary Suter called the roll, and the President established the presence of a quorum.

- Present: directors Alisa Adriani, Ken Bossung, Margot Garcia, Stephanie Pierucci, David Salinger, Lynn Suter, David Mercer
- Directors Absent: None
- Staff Present: Anne-Marie Giese, Cory Giese, John Collins
- Members and others present: Carl Gustafson, Betty Owens, Cecile Weaver, JD Garcia, Harold Weaver, John Coyle, George Milum, Roger Pierucci, Dave Brew, Judy Smith, William Gillasp, Jon Shanser, Carol Shanser, Jackie Redmond, Klaus Burmeister, Dan Kenney, Carl Wild, Florence Wild, Kirk Weaver, Bob Clark, Steve Burke, John Reid, Carolyn Reid, Donn Mall, Kathi Mall, Gretchen Thomas, Russell Poulsen, Dale Cox

Adoption of the Agenda: The Agenda of the Annual Meeting was duly moved, seconded, and adopted unanimously.

Call for additional items: President Garcia called for items not on the agenda. Member George Mylan questioned the amount of water being used by the Mutual per month, per lot, and inquired where the water is going. President Garcia noted that until SVMWC institutes water metering, exact locations are difficult to pinpoint. She noted that the question of metering is still on the table, it is not a state requirement, but would be an improvement for best management of the Mutual. The Auerbach Report indicates that SVMWC is on the low end of water usage in comparison with other districts. Mr. Mylan commented on leaks, which President Garcia noted are difficult to determine without metering.

Member Dan Chenning, a licensed landscape contractor, noted that although a lot of water goes to irrigation, most systems are on timed irrigation schedules, and that Placer County does not have the restrictions required by Reno.

Adoption of the Minutes: The minutes of the Annual Meeting of August 10, 2009 were duly moved, seconded, and adopted unanimously.

Report from the President: President Garcia divided her report into four main topics: Master Plan and implementation, Easements, Operations, and Oversight/Protection of water quantity and quality. She reported on the progress and cost of the redwood tank replacement project and summarized the \$50,000 in change orders, noting that the Board gets progress reports from the contractor every 10 days. See attachment to Annual Meeting Agenda for full text of the President's report.

Discussion by Members: Member Klaus Burmeister stated that he is the owner of two properties on Christie Lane and only learned of the Annual Meeting from a neighbor. He stated he couldn't find much on the website, and requested more information in advance of meetings. Mr. Burmeister asked if the Mutual's Master Plan shouldn't be put before Members for a vote and stated that the Mutual's Bylaws are silent on Member approval of major projects and that Members are not being adequately informed of serious decisions. **President Garcia** stated that SVMWC Bylaws require the board to adopt the Master Plan, but that every Board meeting is open to all Members. All Members are on the notification list for meetings, and the Board goes to great lengths to encourage Member participation.

Member Carolyn Reid stated that she agrees with Mr. Burmeister that the Valley has changed, and too much responsibility may be placed in the hands of the Board and more sophistication should be applied to the decision-making process. She said she did not feel informed on critical issues being decided by the Board. She stated that she sits on twenty Boards of Directors, and it is the responsibility of the Board, not the community, to keep the community informed. The Board cannot assume total responsibility for such important decisions as the Master Plan, and she had no idea about the scheduling of the Annual Meeting until being informed by an outside source. A member stated that the Bylaws need clarification on the responsibilities of the Board.

President Garcia noted that there was a presentation by Mr. Auerbach on the Master Plan at the last annual meeting and that the Board felt a need push on to completion of critical projects. She enumerated the steps taken by means of direct mail, newsletter, and public posting and electronic to advise Members of meetings. A brief discussion ensued about telephonically contacting every Member. The President suggested that Mr. Burmeister consider heading a communications committee for the Mutual. She stated that the Mutual does not have an attorney on retainer, and referred Members to Page 1 of the Bylaws for definition of the responsibilities of the Board. **Director Salinger** noted that the Board had to use some common sense to ensure provision of water in the past year, as it was forced to deal with boil-water notices, water main breaks from pipes that date back to the 1940s, little or no maintenance on the system for 30 years, and replacement of the redwood tank--which was seismically unsafe and leaking 25 gallons a minute. Since maintenance was deferred for so many years the Board was forced to make timely decisions to ensure that all Members retained a safe and reliable flow of water. **Director**

Bossung noted the seriousness and immediacy of fire issues in a system lacking adequate pressure to meet codes, a problem addressed by the Master Plan.

Director Adriani stated that the Board is elected to deliver water in a safe, secure and reliable manner to Members despite an antiquated system prone to serious blowouts. The Auerbach report and Master Plan were contracted because the size of the problem is beyond the Board's scope of expertise. The system does not meet 2007 fire standards, doesn't have enough flow or storage in case of fire, and lacks basic communications systems. She noted that in other parts of the Tahoe Basin, sprinkler systems are required that cost upwards of \$30,000, and residents still have trouble getting fire insurance. These are some of the driving forces behind supporting a Master Plan, she said.

Mr. Dale Cox, President of the SV Public Service District, addressed Members noting that he could see the frustration among the rank and file over the scope and cost of improvement projects. He urged members to pay close attention, as there have been over 34 years of aggravating and embarrassing actions regarding water in the Valley. He stated that what has happened to the system is "nobody's fault but our own," and that the audience was the most people he had seen at an Annual Meeting in 35 years, which is attributable to financial impacts on Members. He noted that Members were at fault for "torpedo-ing" negotiations for a merger between the Mutual and SVPSD. He felt the Board negotiators at that time suffered public humiliation, ridicule and character assassination and stated he had been embarrassed for the Mutual and for the Directors who worked so hard. He stated his opinion that "for the first time in 35 years we have a Board that is working for us" and he asked the Membership one favor—that of allowing the Board the chance to do its job. He said he feels the numbers in the Auerbach report are "a little light" and that Members may be looking at more than the estimated total assessment of \$10,000 to get the job done right.

Treasurer's Report: Treasurer Adriani explained the work of the treasurer versus the work of the office managers, noting that she is aided in her work by Vice Treasurer Ken Bossung. Manager Cory Giese is a CPA, and reports on accounts payable twice monthly, sending them to herself, Director Bossung, President Garcia and John Collins who study and approve them before checks are sent out. She noted that the Money Market Account is high because the tank project is underway. She responded to questions from Member Roger Pierucci about debt service on the tank project. See member packet for full report.

Office Managers' Report: Anne-Marie and Cory Giese summarized the 2008-09 Financial Statements and provided an update on Tank Replacement Project costs. **Carl Gustafson** added some further details about costs of operations and maintenance.

Operations Manager's Report on Tank Replacement Project: John Collins answered several Member questions about the project and what is included in costs. He provided a slide presentation on the project's progress. **Mr. Collins** described problems with old electrical connections, conduits that go nowhere and panels that don't do anything. He discussed efforts to modernize the system, equipment, and the steps taken so far in the tear-down of the old redwood tank and construction of the new tank. He stated that the

project is substantially complete and should be online sometime next month. Members discussed various aspects of the project with Mr. Collins upon completion of his presentation.

Election of New Board Members: During a short break in the meeting, the election process was set up.

Discussion of Long Term Financing for Capital Improvements: The President presented options for assessments and loans to finance long-term improvements needed to complete the Master Plan. President Garcia noted that the options and numbers presented to the Membership were for purposes of discussion, and that because the Mutual is being run more efficiently and actual construction costs are coming in under estimates, there may be reserves to apply to the project. ***Director Bossung*** summarized each of the Plan Phases, 1 through 6. President Garcia summarized the financing options available so far, including payment entirely by assessment, loans from Members, and various bonding and loan options, as well as the Board's exploration of grant opportunities, financing difficulties for Members was, as well as means of reducing the impact on Members. Elements of project construction were also discussed, including design, pipe location, excavation permit status, condition of the wells, and other related details.

President Garcia noted that if Members can pay the costs up-front, or as each phase is begun, this is the cheapest method of financing. It was noted by ***Director Adriani*** that Members have different perspectives on cost and repayment, depending upon how long they have lived in their homes, and how long they intend to occupy them in the future. President Garcia noted that the bank gave the Mutual limited options and suggested polling Members to determine financing preferences and elicit other ideas.

The Board discussed polling Members by mail about financing options in a serious effort to encourage response by Members. A poll composed of an explanatory letter and return post card will be sent out within the next couple of weeks. President Garcia encouraged Members at the meeting to provide their input by reply electronically or by other means as soon as possible.

Results of Election: *Steve Burke was elected to fill the seat vacated by Stephanie Pierucci. David Mercer, David Salinger and Alisa Adriani were re-elected.*

President Garcia commended outgoing Director Stephanie Pierucci for coming to the Board at a time when it was struggling, and proving good information, and demonstrating uncommon courage at a difficult time in the Mutual's history.

Adjournment: It was duly moved, seconded, and passed unanimously that the meeting be adjourned.

Lynn Suter
Secretary