

# SQUAW VALLEY MUTUAL WATER COMPANY

## BOARD OF DIRECTORS

### MINUTES

Meeting of Sunday, July 24, 2011

1. **Call to Order.** President Garcia called the meeting to order at 3:05 p.m.
2. **Roll Call and Establishment of a quorum.** Secretary Suter called the roll and a quorum was established.

**Directors Present:** Burke, Garcia, Mercer, Salinger, Suter

**Directors Absent:** Adriani, Bossung

**Members and Guests Present:** Steve Brigman, Cory Giese, Anne-Marie Giese, Carl Gustafson, Patti Guilford, Buck Thys, Gate DeMattei, Barbara Mavko, Janean Foote, Tom Day, Stephanie Pierucci, Roger Pierucci

3. **Call to Audience for any topic not on the Agenda:** Patti Guilford asked to add a discussion of the size of the additional monthly bill, and “being charged interest on a loan that “isn’t funded.” President Garcia noted that we had to close and accept bids before we knew the amount of the loan, and the interest would not begin until the loan is funded. Ms. Guilford stated she felt taking out the loan at all is the wrong approach and there are many unanswered questions. Director Burke referred her to the minutes of past meetings where concerns had been discussed and the Newsletters where the issues have been explained.
4. **Adoption of the Agenda:** It was moved, seconded, and unanimously passed that the Agenda be adopted.
5. **Approval of Minutes:** Approval of the Minutes of the meetings of May 29, 2011 was moved, seconded, and unanimously passed.
6. **Report from President:** President Garcia acknowledged with sadness the death of former SVMWC Board Member John Chisholm. She noted that his son, Brad Chisholm, told her a large new engineering department at Mr. Chisholm’s former company had been named for him, and that a memorial service will be held next Saturday from 10-12 at the Squaw Valley Chapel.

**President Garcia reported that the following electronic votes had been taken in the interim between Board meetings:** On Jun 7, 2011 a motion was passed on a 6-0-1(not voting) vote to *authorize Anne-Marie Giese to make arrangements for SVMWC to open*

*two interest bearing accounts; one for the construction monies and one for the depreciation/reserve funds. On June 9, 2011 a motion to approve the cost of Any Morris reviewing the licenses needed to sign for use of our easements on APN #096-221-013-000 and for use of some of that lot as a staging area for the pipe replacement and well house replacement projects, with the charge made against legal fees found in the budget, was passed on a 6-0-1(not voting) vote.*

President Garcia noted her review of the Consumer Confidence Report that is required to be sent annually to Members of SVMWC. She discussed the status of the License Agreement and Waiver of Claims needed for use of the property surrounding the well house during construction, and noted it has been reviewed by the Mutual's attorney, Andy Morris. Details of this matter are still under discussion. She further reported on the ability of SVMWC to use the county's right-of way for pipe placement, noting that our attorney's legal opinion has been submitted to Placer County, and we are awaiting their letter of indemnification. She reported on the first draft of the well-house design, which will be modified for cost purposes, the pipe replacement project bid status, and AB 54, a bill in the legislature that will require managerial transparency and board member training for Mutual Water Companies, among other provisions. In conjunction with the President's Report, President Garcia reported that Director Bossung had attended the Groundwater Management Annual Meeting where it was reported that pumping in the SVMWC's water basin is down 18%. One of the issues of concern was the 2010 report from Kleinfelder on the required monitoring of the aquifer for nitrogen and phosphorus due to fertilizer application. That report showed that monitoring well #301 had a higher level of nitrogen than other wells. President Garcia noted she is going to a technical review meeting on August 4, where she will learn more about the situation.

7. **Treasurer's Report:** The Treasurer's report is contained in the meeting packet. It was noted that there is a total of \$3,000 in outstanding late fees and bills, most of which will be collected upon completion of pending short sales. Member Patti Guilford asked if she could pay upfront for her proportion of the loan to avoid interest payments, noting that she and others would like other options such as folding the long-term 40-year loan payments into the water rates. Member Stephanie Pierucci asked if there could be flexibility in monthly billings so that a big bill wouldn't arrive at Christmas. She asked about the possibility of establishing automatic debits from a bank account. Anne-Marie Giese replied that we will have different software set up when we have meters that may make that option easier, but that monthly billing would be difficult under our current set-up. She will explore opportunities for software that would allow for automatic debiting under the new system. Ms. Pierucci requested that options for automatic bank transfers be addressed at the Annual Meeting.
  
8. **Manager's Report:** President Garcia noted that water production went up substantially from 2.8 million gallons in May to 3.5 million in June. Leaks are a continuing issue, but are lower than in 2009. The Water Operations Report and the Operations and Maintenance Report are included in the Meeting Packet for today's meeting. Member Guilford asked why the Manager wasn't present, and President Garcia answered that

scheduling a quorum for the meeting had been difficult, and the Manager was out on a long-planned vacation and could not attend this particular date.

9. **Office Manager's Report:** Anne-Marie Giese reported that 25-30% of the first half of the 2011-12 Assessments has been collected. She received four complaints about the increase in rates. She sent out the Consumer Confidence Report, and submitted monthly reports to CDPH. She is working on the Letter of Conditions required by the USDA. Five of the conditions have been completed, and three will be completed with the signature of the President. Two require motions by the Board, four are in progress, and Shaw Engineering will handle the remaining two. The final condition will be met at closing of the loan. Member Guilford suggested using Placer Title Company.

*Motion: To authorize Anne-Marie Giese to contract with Placer Title Company for the completion of five preliminary title reports on the five parcels owned by Squaw Valley Mutual Water Company.*

Moved by David Mercer, Seconded by David Salinger and passed with 5 yes votes, no nays.

*Motion: To authorize Anne-Marie Giese to open 3 new accounts at Plumas Bank retaining the same signers on other accounts held at Plumas Bank. The accounts shall be:*

*Business checking Account (Construction Account)  
Money Market Account (USDA Reserve Account)  
Savings Account (Depreciation Account)*

Moved by Lynn Suter, Seconded David Mercer and passed with 5 yes votes, no nays.

*Motion: to hire Andrew Morris of Best Best and Kreiger, LLP to complete item 8 "Opinion of Counsel Relative to Rights-of-Way" in the USDA letter of conditions.*

Moved by Steve Burke, Seconded by Lynn Suter and passed with 5 yes votes, 0 nays.

*Motion: To authorize Anne-Marie Giese to initiate the early payoff of Plumas Bank Loan #106700231 from account ending in 415.*

Moved by Steve Burke, seconded by David Salinger, and passed with 5 yes votes, 0 nays.

Mrs. Giese noted that the construction bid closes August 9, 30 days prior to the loan closing, which is tentatively set for Thursday, September 11. If USDA is able to close earlier, she will set an earlier date for the President and Secretary to sign the loan papers. In answer to a Member question regarding the ability to examine the bids and contract, President Garcia noted that Members are invited to attend the bid opening on August 9 at 10:00. Member Guilford commented that the bid should have been sent out nation-wide and not just to California and Nevada bidders. Discussion ensued about each homeowner's annual payment over 40 years, which would be approximately \$800/year.

If the loan is closed prior to September 30, it is possible the interest rate will be .5% less. This discussion led into the issue of paying for lateral connections.

Director Burke requested that the question of paying for laterals be put on the Agenda for the Annual Meeting. Member Guilford made comments about prohibitive costs of some laterals, and cited the lack of a need to improve fire flow. Director Salinger noted that some homeowner's insurance policies have been cancelled because the hydrant spacing doesn't meet the coverage code. Member Stephanie Pierucci noted that these points should have gone to the membership for a vote because the hydrant distribution is "fine for many shareholders." Director Salinger noted that current hydrant spacing is not in compliance with state or county fire code.

10. **Progress of Pipe Replacement** - Steve Brigman of Shaw Engineering reported that the project advertising for both the system improvements and well house is complete. He has received four bids so far from Reno, San Jose, and San Rafael. He expects additional bids to come in during the following week. The bid opening date is August 9, and there will be a pre-bid meeting on Tuesday, August 2. Member Guilford asked if qualifications are required because she did not want to see low bid coming from "some guy who may have been in business for one month." Mr. Brigman stated this would be a highly unusual situation, and it is up to the Mutual to ensure a very experienced contractor. So far the four bidders are well known with lots of experience, he anticipates "nice, clean bids" on August 9, and an evaluation will be conducted that afternoon and sent to board members. He expects to see a clear low bidder and little controversy over alternatives. Steve Brigman and the Board will perform the review. Most bid reviews are a math check, current license check, and have "no pending issues"—all of which is part of the evaluation process.

Mr. Brigman went on to state that we will try to build the Squaw Valley Road portion of the project this year, as it is the most difficult and must be done at the driest part of the year. The proposal calls for it to be completed by November 23. The County has signed off on the plans, approved design and a draft encroachment permit, and all conditions except one has been taken care of. The last one is being prepared by the County. The County requires special conditions regarding pavement such as pavement replacement, trenching compaction, specifications on materials (types of asphalt) and additional pavement repair on Squaw Valley Road to accommodate required widths. Existing pipe is not in a straight line down the road - - some is in the paved shoulder, and not the travel lane, requiring re-pavement of the whole shoulder. Everything from Russell to the church needs pipe replacement. Member Stephanie Pierucci asked several questions about construction on Squaw Valley Road.

**Discussion of Well House Design:** Member Guilford stated the design is the fanciest well house she has ever seen. Mr. Brigman noted that the County requires the pump house to conform to other buildings in the area, and described several problems involved with fitting the design on the available space. The discussion proceeded to lateral connections. Member Roger Pierucci asked again why the whole project did not go to a vote of the entire membership. He also noted several points which have been previously

discussed about options for financing the laterals. Steve Brigman noted that the USDA will not fund this part of the project because it involves improvements to private property. Director Guilford request the Board revisit the cost of the 137 lots needing back line lateral replacement, noting she has paid SVMWC assessments for 40 years, plus having her water line recently replaced. There was further discussion about the late start of the project.

11. **Next Steps:** President Garcia noted again that bids for the project are due on August 9, and Members are invited to attend the bid conference.

12. **Nominating Committee Report:** The Committee received several nominations. Member Guilford noted that Dr. Geatano De Mattei wished to submit an application, and she wishes to do so herself. Stephanie Pierucci nominated Roger Pierucci. President Garcia stated the Committee will need all nominations by August 1.

13. **Plans for Anneal Meeting:** The Annual Meeting will take place on Saturday, September 3. There will be a regular Board Meeting at 9:00, the Annual members meeting at 10:00, and at approximately 12:00 the new Board will meet, elect officers, and set the next meeting.

14. **Next Meeting:** Saturday, September 3, 2011 at 9:00 a.m.