

Squaw Valley Mutual Water Company

Regular Meeting, Board of Directors

9:00 a.m. Saturday, September 3, 2011

Community Room, Public Service District Building

Minutes

Call to Order: President Margot Garcia called the meeting to order at 9:04 a.m.

Roll Call and Establishment of a Quorum: Secretary Lynn Suter called the roll and a quorum was established.

- **Directors Present:** Bossung, Burke, Garcia, Mercer, Salinger, Suter.
- **Directors Absent:** Adriani
- **Members/Guests Present:** Anne-Marie & Cory Giese, Steve Brigman, John Collins, Carol Gustafson, Cecile & Harold Weaver, Dave & Sally Brew, Mike Geary, Gate DeMattei,

Approval of Agenda: President Garcia called for items to be added. Two items were added the draft pre-payment policy and the lateral options discussion. The Agenda was moved, seconded, and unanimously approved.

Mike Geary, the new General Manager of the Squaw Valley Public Service District introduced himself to the Board and members present. He offered his cooperation and suggested that he have a regular place on the agenda to share information about the PSD. He offered to make a place on the PSD agenda so the SVMWC could share information about the company's plans and activities.

Approval of Minutes of Meetings of Feb 19, 2011 and July 24, 2011. Approval of the minutes of both meetings was moved, seconded and unanimously passed. President Garcia noted the summary of minutes of February 19, in lieu of actual minutes, which were electronically lost and irretrievable due to Secretary's hard-drive crash.

President's report on Electronic Votes: President Garcia reported the following votes were held electronically.

Motion: Approve the Minutes of November 13, 2011

Seconded: David Salinger

Votes 4 yes, 1 abstention

July 19, 2011

Motion: To approve the following nominees to be the slate approved by the Board: David Mercer, Steve Burke, Chuck Schaller, and John Morrison.

Second: Steve Burke

Votes: 7 yes, 0 no.

August 3, 2011

Motion: Move that the SVMWC approve the hiring of William Saxton as the resident inspector for the pipeline project from August 15, 2011 to November 15, 2011.

Second: Steve Burke

Votes: 4 yes, 0 no, 3 not voting.

August 10, 2011

Motion: Move to award base bid plus Alternative A of \$2,044,050 to Campbell Construction (CA License number 794579) provided USDA approves the award information.

Second: David Mercer

Votes: 5 yes, 0 no, 2 not voting

August 16, 2011

Motion: The Board approves the attached "Hold Harmless and Indemnity Agreement" between SVMWC and Placer County and authorizes President Margot Garcia to sign for the SVMWC.

Second: David Salinger

Votes: 6 yes, 0 no

August 18, 2011

Motion: To approve the "Right of Entry and License Agreement for Rehabilitation of Squaw Valley Mutual Water Company Well" and authorize Margot Garcia to sign the document.

Second: David Mercer

Votes: 5 yes, 0 no

August 18, 2011

Motion: It is board policy that our member's personal information (address, phone number, email) will not be distributed, sold, otherwise bartered unless members specifically authorize that this personal information is available to other SVMWC members.

Second: Steve Burke

Substitute Motion: Move to provide members with names and addresses of the members not including email addresses, upon written request and payment of reasonable fee, and with written statement that such lists are not to be sold or used for any commercial purpose.

Second: Lynn Suter

Votes: 5 yes; 0 no Thus, the substitute motion is adopted and the original motion is abandoned.

August 19, 2011

Motion: The Board of the Squaw Valley Mutual Water Company approves the Loan Resolution Security Agreement.

Second: David Salinger

Votes: 6 yes, 0 No;

August 24, 2011

President's Report: President Garcia briefly reported on the meeting of Resort at Squaw Creek Technical Review Committee (TRC) held at the Resort, This is the group that oversees the use of

fertilizers, herbicides and pesticides on the golf course. No actions were taken despite lengthy discussions.

Office Manager's Report:

- **Activities:** Anne-Marie Giese reported that she sent out statements for 30 people, answered numerous phone calls, including several requests for payment options. She asked if the Board preferred to develop a policy for such requests, or to address them on a case-by-case basis. Director Burke noted that a policy that offers a payment plan for everyone is an administrative duty not covered by the current Office Manager contract, and that the Mutual is dealing with only one or two chronic late payers. He suggested discussing a broad policy review at the 10:00 Annual Meeting. Director Bossung noted that the Board does have a policy in place, and that when Members have a problem paying they have come to the Board in the past, and the Board has addressed their concerns on an individual basis. He also suggested discussing the policy at the next meeting.
- **Annual Audit:** Cory Giese reported that the Mutual's annual audit was completed last week. The auditors made two suggestions: (1) Board review of all invoices and bank reconciliation statements on a periodic basis. (2) Board review of invoices. They can send invoices electronically, and the reconciliations can be brought to meetings. Director Burke suggested setting a hurdle limit of \$1,000 for review of invoices.
 - **MOTION:** *Director Bossung moved, Salinger seconded and it was unanimously passed that the Office Manager continue the current policy of electronically sending summary listing all invoices, and provide scanned copies of actual invoices for bills over \$500.*
 - **MOTION:** *Director Suter moved and Director Burke seconded and it was unanimously passed a motion that bank reconciliations are brought to Board Meetings for review.*
- **USDA Loan Status:** Ms. Giese reported that the last USDA condition to be met is requirement of a fidelity bond of \$235,000 to protect from embezzlement. She suggested that Giese Accounting & Tax increase the amount of their liability insurance and then purchase a bond, the cost of which should be reimbursed by the Mutual. She reported that all titles are in the process of being cleared including the past loan from the state on the upper water tank. One of the horizontal well sites is noted as a new parcel by the county assessor, and taxes have never been billed on that property.
- **Budget to Actual:** See report. Ms. Giese noted that the Mutual is in the second month of its fiscal year and has already spent \$10,000 repairing leaks.
- **Pre-payment policy for USDA loan:** Ms. Giese noted Board efforts to develop a pre-payment policy for Members wishing to avoid interest payments, and referred them to the Assumptions document included in the meeting packet. The pre-payment option is a suggestion, but not a requirement of USDA. One consequence of sending options to shareholders is putting off loan closing until mid-October, and construction cannot begin until the loan closes. Cory Giese noted in a response to Director Mercer that the total amount realized from up-front payments would be deducted from the principal amount of the USDA loan, and the bi-annual payment would be the same for everybody else. The depreciation amount is variable over time. Director Bossung noted that USDA requires

one payment in a separate reserve account. Once that reserve account is funded, then depreciation is 100% funded. Those funds, if unused, go back into the depreciation account.

- **MOTION:** *Director Mercer moved, and Salinger seconded a motion to mail to all members by certified letter the option to prepay their portion of the USDA loan. They would have 30 days to respond. The letter could also include a straw poll on the lateral replacement policy. Motion passed unanimously.*

Issues for Annual Meeting: President Garcia noted the need to bring alternatives regarding the placement of lateral lines to the Membership at the annual meeting. She referred to the options summarized in the Lateral Line Options document included in the Annual Meeting package. Several members asked questions, which were deferred to discussion at the Annual Meeting at 10:00.

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

Respectfully Submitted:

Lynn M. Suter

Secretary

Squaw Valley Mutual Water Company

Board of Directors