

**SQUAW VALLEY MUTUAL WATER COMPANY**  
**Board of Directors Meeting**  
**July 21, 2012**  
**Minutes**

**1. Call to order**

President John Coyle called the meeting of the Squaw Valley Mutual Water Company Board of Directors to order at 3:01 PM on Saturday July 21, 21012 at the Squaw Valley PSD Community Room.

**2. Roll call and establish a quorum - Lynn Suter**

Directors present: Coyle, Mattheis, Garcia, Guilford, DeMattei, and Suter

Directors absent: Bossung

A quorum was established.

Staff present were Anne-Marie Giese and Steve Brigman.

Members/Guests Present: Dave Hunt, Greg Parker, Betty Owens, Cecile and Harold Weaver, Carl Gustafson, Jesse McGraw, Dean Hall, Hans Burkhart, Tom & Liz Day, Tim Chapman, David and Merilee Evasovic, Joan and Richard Brazell, Jon & Gailyn Johnson, Melissa Faye, Loraine and Bert Fulmer, Nancy Barthusch, Bill Noble, Mike Geary, Gretchen Thomas, and Bill Urich.

**3. Call to the audience for anything not on the agenda**

There were no comments on unagendized items.

**4. Adopt the agenda**

**It was moved by Director Garcia and seconded by Director Suter to approve today's agenda as presented. Motion carried unanimously.**

**5. Minutes from the 6/9/12 meeting – Lynn Suter**

Director Suter asked the motion on Page 4, Item 12A be clarified to show that she made the motion.

**It was moved by Director Garcia and seconded by Director Suter to approve the June 9, 2012 meeting minutes as amended. Motion carried unanimously.**

**6. President's report – John Coyle, electronic voting**

Director Coyle presented the results of an electronic vote as follows:

**MOTION: (Mattheis), second DeMattei**

1. Approve the revised budget and rates as presented (with 3% rate increase).

2. Approve the Giese Contract: John Coyle will sign upon return.

3. Ask McClintock to revise his letter, on page 3:

June 30, 2012 audited financials with disclosures \$5,800

Future year audit contract rates for annual approval by the Board.

June 30, 2013 audited financials with disclosures \$5,800

June 30, 2014 audited financials with disclosures \$5,800

Passed...4Y, 1N, 2A

John Coyle was out of country until June 20, 2012, but reports following since return.

**1.) Motion to rescind Prior Budget approvals....Passed 4Y, 3N**

**2.) Motion to approve Giese Contract....Passed 5y, 1N**

**3.) Motion to approve Budget with 3% rate increase.....Fails 4N, 3Y**

**4.) Motion to approve revised Collins Contract Passed.....5Y, 1N**

**5.) Motion to approve Budget with 0% increase Passed.....4Y, 1N, 1A**

**6.) Motion to approve McClintock Engagement Letter for one year**

**Passed 5Y, 1N**

7.) Signed the passed Giese, Collins and McClintock contracts

Director Coyle will insert the names of who made and seconded motions. It was noted that the approved budget will require no increase in dues.

### **7. Treasurer's Report, KSL expansion & Ad Hoc water meeting – Gate DeMattei**

Director DeMattei reported on the balances in each account, as included in the Board packets.

He is attending meetings with representatives from KSL, their consultants, and the Squaw Valley PSD regarding the proposed Village project. Currently, the group is addressing emergency service areas that can be accessed if patients need to be transported. They are also considering the availability of water in the Valley. KSL is proposing drilling test wells in various areas to see what the affect of drawing water from the aquifer will be. However, they are running into some challenges getting permission from landowner for one test well and getting the permits for the drilling and also disposal of drilling fluids and water pumped. The third area of discussion is related to sewage. The PSD has information about potential flows and is running computer models to see what improvements need to be made. Director Garcia added information on where the proposed test wells may be located. Discussion followed and it was agreed that a public interest hydrologist may be required to review the test results. Director Coyle said SVMWC will continue to watch the process and if necessary, the Board can consider hiring legal and/or technical consultants to protect the Mutual's interests.

### **8. Operation's Manager Report including tank mixer - John Collins**

Anne-Marie presented Mr. Collins' written report noting the water temperature analysis being addressed. The repair for a leaking air release valve in Well House #2 was discussed. Repairs could cost as much as \$5000. Anne-Marie will submit a quote and the Board will consider an electronic vote for approval.

### **9. Office Manager's Report - Anne-Marie Giese**

Anne-Marie presented her written report, which was included in the Board packets. McClintock Accountancy will begin the audit next week.

Anne-Marie reviewed the insurance quotes she has received, including one from Utility Resource Insurance Services, which was approximately \$1100/year less than the current premium for the same coverage. Discussion followed regarding the current policy and the quote from Utility Resource. It was noted the current policy includes coverage of a property the Mutual no longer owns. Anne-Marie was asked to see what the coverage from Utility Resource is in the event of a chemical spill. She was also asked to investigate the difference in cost between \$5 million in liability coverage and \$3 million, given the property that can be dropped from the policy.

**It was moved by Director Suter and seconded by Director Garcia to purchase insurance from Utility Resource Insurance Services, assuming the protection is the same as the current policy. Motion carried unanimously.**

An email from Joan Barzell regarding bids for the laterals was reviewed. There were questions about what is included in the Campbell bid, landscaping issues, how long the Campbell bid is good for (only this season), how many bids are required for owners to get the 75% credit, and when the new water mains will be pressurized. Discussion followed with the Board and many members of the audience commenting on Campbell's bid, the challenges in getting bids from other contractors, and what is and is not included in Campbell's bid so comparisons can be made.

There was agreement that property owners need more clarification on what the Campbell bid includes, the timing of the project so other contractors can bid on replacing the laterals, and additional contractors that can be contacted because of the unresponsiveness of those on the list. The construction schedule and a step-by-step process for owners will be posted on the website. Additional information on getting quotes

for the lateral work will be in the next issue of the newsletter. Steve Brigman answered questions regarding specific properties.

#### **10. Intertie with PSD discussion**

Director Coyle reported SVPSD has asked SVMWC to consider contributing \$12,500 to retain Far West Engineering to do a study on an intertie system between the 2 water providers. The quote from Far West is \$35,000; a \$10,000 grant has been received and the proposal is for SVPSD and SVMWC to split the balance. Discussion followed regarding the pros and cons of the proposal and whether or not an intertie is necessary. Director Garcia noted that at one time there was an intertie, but it is no longer functional. Although she appreciates the possible need to consider an intertie, the current proposed scope of work is overkill and much more extensive than what is needed. The proposal suggests “operating the two systems as one” when a simple intertie may be all that is needed. Director Garcia suggested KSL needs to be involved in any study done, because of their potential needs. Also, the proposal says the draft report will only be submitted to SVPSD for review. If SVMWC participates, it needs to be an equal partner in getting reports for review. Director Guilford agreed, saying she has spoken with others who knew of the old intertie and feel this proposal is a waste of time and effort.

SVPSD General Manager Mike Geary explained how the scope of work was developed, saying the intent is to have an intertie that could benefit both systems in the event of an emergency or planned repairs, to insure every customer in the Valley is provided with water. Dave Hunt from Far West addressed the cost estimate and what is included in the study, including a review of both systems supply and how and from where water is provided, to make sure service can be provided if necessary. The group discussed KSL’s involvement since their development represents the bulk of future demand. Discussion continued regarding the pros and cons of the proposal, what the need is, and what information the study could provide.

Director Mattheis stated that although redundancy makes sense, SVMWC is going through a costly project and this is an expensive proposal. Mike Geary suggested the split could be adjusted. Discussion continued regarding KSL’s potential involvement in the study, the impact of their development, and what type or level of catastrophe needs to be considered for the intertie to be of value. Director Coyle asked Board members to consider the proposal in two lights: 1) cost and 2) need. If it were affordable, would there be a need? The Board continued discussion.

**It was moved by Director DeMattei and seconded by Director Mattheis to accept the idea of the intertie and to meet with Squaw Valley Public Service District to study and discuss the idea. Motion carried with Director Guilford voting no.**

It was agreed that the discussion with SVPSD will include the scope of work and cost to the Mutual. Directors Garcia and Mattheis will act as a Subcommittee to formulate topics for discussion, meet with Mike Geary, and develop an alternative proposal, which will be reviewed by the Board.

#### **11. SVMWC valuation discussion**

Director Coyle reminded the group of the request for a valuation of the systems. He and Director Mattheis had a conversation with a company recommended by Director Bossung about doing a valuation. Their quote was \$30,000. The question is why this would be done now if there is no intention to sell.

Buck Thys said he has been asking for this so the value of the water rights is known. Director Garcia explained the challenges of evaluating water rights and what the industry standard is on the topic. Director Guilford felt it is possible to have the rights valued. Discussion followed on whether or not just the rights can be evaluated and the potential cost to do so.

**It was moved by Director Garcia and seconded by Director Guilford to authorize Director Guilford to get two estimates to evaluate SVMWC’s water rights. Motion carried unanimously.**

## **12. Construction loan withdrawals update – Ken Bossung**

Anne-Marie reviewed the draw report, as presented in the Board packets, and anticipated expenses.

## **13. Update of Capital Improvement Project - Steve Brigman**

Steve updated the group on the status of the project, showing a map indicating where new lines have been installed, and the timeframe for upcoming work. There is a report on the website detailing the status of each meter box installation. Overall the quality of work has been good, but the contractor is about 2 weeks behind schedule. Discussion followed regarding the expected change orders, possible reasons for delays, and costs.

## **14. Election of Board members – slate, statements, & ballot**

Directors Garcia, Bossung, and Suter are running for re-election. There are three other potential candidates. The ballots need to be mailed August 1 so information needs to be submitted to Anne-Marie soon. Discussion followed regarding a slate to be recommended by the Board and directed and non-directed proxy voting.

**It was moved by Director Mattheis and seconded by Director Guilford that all candidates for Board positions submit their letter of candidacy to Anne-Marie by 12 Noon on July 25. Further, the Board will not have a recommended slate for proxy voting, but will vote as directed on the proxy. Motion carried unanimously.**

## **15. Review of meeting & what needs to be done before next meeting**

Director Coyle reiterated that Anne-Marie will mail out the ballot along with the agenda for the Annual Meeting and President's Letter. There was consensus that the Board should agree to protocols for running the meeting, including a time frame for public comments. The protocols will be voted on at the Board meeting preceding the Annual Meeting. Discussion followed regarding the agenda for the Annual Meeting.

## **16. Set future meeting dates**

**Board meeting – September 1, 2012 9:00 am**

**Annual meeting – September 1, 2012 10:00 am**

**New Board meeting – September 1, 2012 Noon**

**Closed Session was convened at 6:18 PM to discuss:**

- 1. Steve Brigman update board on CCCI & project**
- 2. Report of 7/11/12 Meeting with Campbell Construction & lawyers - Tim Mattheis**
- 3. Water attorney to represent SVMWC with SVSH project – Tim Mattheis**

Open Session was reconvened at 7:30 PM and the following action reported:

Steve was asked to provide more information on the claim with an engineer's estimate, which will be emailed out for an electronic vote. He was asked for a "drop dead" date of when the work on Squaw Valley Road would need to be started in order to be completed this season.

**It was moved by Director Mattheis and seconded by Director Garcia to ask attorney Antonio Rossmann of Rossmann and Moore, LLP, for a letter of intent and a proposed scope of work. Motion carried unanimously.**

## **17. Adjournment**

There being no further business to come before the Board, the meeting was adjourned at 7:31 PM.

Respectfully submitted,

Judy Friedman, Recording Secretary  
THE PAPER TRAIL SECRETARIAL & BUSINESS SOLUTIONS