

SQUAW VALLEY MUTUAL WATER COMPANY
Board of Directors Meeting
February 2, 2013
Minutes

1. Call to Order

President John Johnson called the meeting of the Squaw Valley Mutual Water Company Board of Directors to order at 10:12 AM on Saturday February 2, 2013 at the Squaw Valley PSD Community Room.

2. Roll call and establish a quorum

Directors present: Johnson, Coyle, Burkhart, Hall, Guilford, DeMattei, and Mattheis

Directors absent: None

A quorum was established.

Staff present were Anne-Marie Giese, John Collins, and Steve Brigman.

Also present were Tom and Liz Day, Carl Gustafson, Eric Poulsen, Nandy Elrod and Squaw Valley Public Service District General Manager Mike Geary and Engineer Brandon Burks.

3. Call to audience for anything not on the agenda

Tom Day noted the Squaw Valley Public Service District (SVPSD) is working with KSL to determine how the proposed development may impact the aquifer. He asked if SVMWC is also active in those studies. Director Johnson said that topic will be discussed under Item 14.

4. Adopt the agenda

It was moved by Director Hall and seconded by Director Mattheis to approve today's agenda as presented. Motion carried unanimously.

5. Minutes from the 11/30/2012 meeting

It was moved by Director Hall and seconded by Director DeMattei to approve the November 30, 2012 minutes as presented. Motion carried unanimously.

6. Presidents report-John Johnson

Director Johnson presented his written report (see below). He explained the negotiation process with Campbell Construction, saying a settlement agreement is being reviewed by Campbell. The settlement amount of \$1,958,000 was unanimously approved by the Board via electronic vote. Steve Brigman said the amount is comparable with the number 2 bid received for the project, minus the work on Squaw Valley Road, but including about \$300,000 in change orders. USDA has reviewed and approved the proposed settlement. A brief discussion followed clarifying the terms of the settlement.

Director Johnson reported the Board approved by electronic vote a motion to purchase and install a caustic tank in Pump House 1. It has been purchased, but not installed.

7. Treasurers Report-Gate DeMattei

Director DeMattei presented the Financial Reports, which were included in the Board packets. He reviewed account balances and said \$2,097,952 is available on the loan. Approximately half of the billed assessments have been received. Just over \$18,000 has been spent on Pump House 1, which is not being paid for by the loan. Director Coyle asked if owners have applied for lateral replacement reimbursements. Anne-Marie Giese said three owners have requested the reimbursement. The requests were not complicated so per direction at the November meeting, she did not present them for Board review.

8. Operation's Manager Report-John Collins

John Collins reviewed the Operations and Maintenance report that was in the Board packets, noting the water production report, production by well, and maintenance and service calls.

Director Guilford noted some signs are falling down near the fire hydrants. **ACTION: John Collins will investigate and take appropriate action.** Director Guilford asked about the color coding differences in fire hydrant caps and Mike Geary of SVPSD explained the variations.

Director Johnson asked Collins to explain how chlorine complaints are handled. Collins described how complaints are responded to, saying the customer is asked to pull a sample of the water for testing. A result of .4 to .5 chlorine residual is within the appropriate range. He explained the potential for variations and said there does need to be some residual chlorine at the end of the system from where it is chlorinated at the well. If not, that could indicate chlorine is being lost somewhere in the system. Although there is no state mandate to do so unless there is a chloroform "hit," Collins recommends chlorinating as a pro-active measure, saying regular testing is done according to regulations. If there is a "hit" during testing, a boil water order would be issued. In his opinion, using chlorine pro-actively avoids that potential. Chlorine testing is done three times a week. Discussion followed clarifying the procedures and Collin's recommendation. Director Mattheis understood the conservative approach, but asked about the studies that link chlorine to various forms of cancer. Collins said the chlorination levels are in accordance with all acceptable industry standards. If testing reveals chloroform, there is a likelihood of people getting sick. Brandon Burks of SVPSD explained the PSD's testing mandates, which only require the water to be tested once a year. Collins said that may be because the PSD's wells are less susceptible to contamination because they are under concrete. Discussion continued regarding the testing procedures and the use of chlorine.

9. Office Managers Report-Anne-Marie Giese

Giese reported bills went out last week. Those on a payment plan for the assessment may see higher bills in January. She asked if the Board preferred to have newsletters emailed or "snail" mailed, saying she has email addresses for about 40% of members. **ACTION: Giese will email newsletters to those members for whom she had addresses and "snail" mail the rest.** A brief discussion followed about posting the agendas and minutes on the website. Giese said the agendas are emailed to members and posted at the post office, noting there is a cost for every change to the website. **ACTION: Giese will post agendas on the website.**

Giese reviewed the Budget to Actual report as of February 1, 2013. Director Burkhart reported on the expenditures for Pump House 1, saying overall the project is under budget. Of the \$19,000 approved, costs have been approximately \$18,172. There was an additional \$3,500 approved for the shower and tank and of that \$2,648 has been spent, but the tank has not been installed yet. A brief discussion followed regarding the final costs.

10. Intertie with PSD Continuing Discussion

Director Johnson said these discussions have not taken place because the negotiations with Campbell have taken precedence. Mike Geary of SVPSD received a proposal from Steve Brigman for getting the design work done. The overall construction estimate is approximately \$100,000 for construction, plus design. Geary said there may be a grant available for \$10,000 for this project. **ACTION: Steve Brigman will update the intertie proposal and send a copy to Director Johnson.**

11. Construction Loan draws - John Johnson

Director Johnson reviewed the loan draws to date, noting payments to Campbell have not been drawn. There is approximately \$2,097,000 available but Campbell may be owed about \$500,000.

12. Pump House Report - Hans Burkhardt

Director Burkhardt described the work that still needs to be done, including testing the generator. A brief discussion followed clarifying the project.

13. Construction Report-Steve Brigman

Steve Brigman explained the remaining issues to be addressed with Campbell, including some fire hydrants that need to be connected to the new system and water meters to be installed.

14. Water Rights

Director Johnson reminded the group of the request for the Board to adopt an opinion about the settlement with Poulson. He has is doing some research to find an attorney who can give an objective opinion about water rights; not the value, but what SVMWC has that can be considered in any negotiation with KSL about Well 1. Mike Geary said there will be a report from KSL on the aquifer, but it has not been released. Director Johnson asked if KSL has reported their test well program results. Geary said they have not. What is known is from being on-site. The SVPSD Board packets include its water quality test results. The recovery rate seems good, but has not been qualified. There are no surprises on well depths or flows and overall, everything is consistent with what the PSD's ground water model predicted.

In response to Tom Day's question during Public Comment, Director Johnson said the attorney retained by SVMWC has helped prepare a response to Placer County regarding the Notice of Preparation (NOP) for the KSL proposed development. The response includes question about the impact on the aquifer. SVPSD apparently sent a similar letter, so both organizations are on record about concerns for the aquifer. Tom Day noted the aquifer study done years ago when SVMWC was in discussion with SVPSD about a possible merger. That study showed there was less water than originally thought. Geary said SVPSD has done the vast majority of studies on the aquifer over the years, most recently when the Groundwater Management Plan was being prepared. That model is being used to determine existing and potential water demands. Phase 2 of the aquifer interaction study considers creek flows and other impacts to the aquifer. He explained the areas of study and how the change of ownership in Squaw Valley has allowed for more investigation.

15. Unresolved items going forward

- Collins will investigate and take appropriate action regarding signage at fire hydrants
- Giese will email newsletters to those members for whom she had addresses and "snail" mail the rest.
- Giese will post agendas on the website.
- Steve Brigman will update the intertie proposal and send a copy to Director Johnson.

16. Set/Proposed Future Board meeting dates: March 2, 2013 at 3:00 PM.

17. Adjournment

There being no further business to come before the Board, the meeting was adjourned at 12:29 PM.

Respectfully submitted,

Judy Friedman, Recording Secretary

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President's Report

February 2nd, 2013

Since our last Board meeting on November 30th, 2012 SVMWC has been in negotiations with Campbell Construction to settle the claim as mentioned in my last report.

Campbell began by presenting a "Cost Claim" for \$2,658,660.96. This was followed by a change order and field order claim for \$2,062,258.19. The "Cost Claim" was for abandonment of the contract and the Change Order claim was Campbell's attempt to revert back to the contract. This claim and breakdown was presented to Dean Hall, Hans Burkhardt and I at our first settlement meeting on Dec. 13, 2012. This meeting was attended by the three Board members, Steve Brigman, Todd Shaw and Buddy Shaw. The discussion centered on the general topics of change of conditions, additional paving, rock, mis-located utilities, service changes, hydrant relocations and Squaw Valley Road elimination. This meeting was contentious between the parties and ended with no resolution followed by an exchange of correspondence between the Mutual and Campbell.

On January 4th, 2013 both parties met to attempt a resolution. Hans Burkhardt, Dean Hall and I met with Todd Shaw and Buddy Shaw here in Squaw. The discussion again was on changes and their impact on the Mutual and Campbell. In an attempt to reach some type of figure that the Mutual could live with, we proposed a \$1,850,000.00 total contract settlement number. Campbell rejected this immediately, but did propose a number of \$1,958,000.00 as their bottom line settlement number. I informed Campbell that would most likely the Board would not approve this and we adjourned. The Board after much discussion on Jan 10th, 2013 voted (Electronically) 7 to 0 to stand by the \$1.85 Million offer. After much discussion between the Board members and further conversations with Campbell a motion was put forth to meet Campbell's proposal. On Jan 23rd, 2013 the Board voted (Electronically) 6 to 0 with one non-vote to approve the settlement amount of \$1,958,000.00. Campbell agreed to this settlement on Jan 24th, 2013. This decision was based on the estimated legal fees it would cost the Mutual to go forward with any legal proceedings and that this amount also equals the second lowest bid on the original project plus some changes.

We are now in the process of finalizing the Settlement Agreement, Change orders and letters of understanding. Attorney Linda Beck authored the Settlement Agreement and Steve Brigman with Shaw Engineering initiated the change orders.

John Johnson

President, SVMWC