

Minutes for the Mill Creek Lassen Mutual Water Company Annual Meeting 7/2/2016

- 1) Meeting called to order by President Bob Kittle at 10:15 AM, Mill Creek campground.
- 2) Minutes of the 7/4/2015 annual meeting were presented. A motion was made by the chair, requiring no second, to approve the minutes as presented. Motion was approved by voice vote.
- 3) Treasurer Shirley Boracci presented the Balance Sheet for the Mill Creek Lassen Mutual Water Company showing total assets and liabilities of \$626,767.67, as of the last reporting date of 06/24/2016.

Shirley also presented the budget for the fiscal year 2016-2017 showing expected income of \$47,600 and expected expenses of \$29,985, leaving \$17,615 to be added to reserves. Bob Kittle explained that the company was in compliance with the reserve requirements from the Department of Real Estate, and that additional reserves were being added for the future likelihood of the addition of metering, at the cabin level, to our system. Additional use of the reserve funds may include the pressurizing of the system to equalize the water pressure across the home sites. Additional expenses, beyond the budget will be required for either of these projects, and the current \$400 per year water fee will be in affect again for this year, as we build our reserves in an effort to minimize the need for an assessment to meet the potential capital expenses.

Shirley noted that we had two delinquencies remaining on the 2015-2016 water company dues. Bob Kittle discussed efforts to reach out and bring those cabin owners current. Bob added that further enforcement of our fee policies would be discussed in a review of the proposed by-law changes under New Business.

- 4) Old Business:

Bob Kittle reviewed the status of the Compliance Order from the California Water Resource Board, #21-14R-002, discussed at the 2015 Annual Meeting. As of this date we have received no response to our inquiries as to the nature of water rights, riparian (as the company believes) or appropriative. Also in question is the California Water Resources Board's classification of Mill Creek as a community, with requirement of 25 full time residents, which we do not meet. Without that classification, the order to suspend usage of the water we currently use from the Tamarack and Ash springs, would not apply to Mill Creek. We will continue to await further information on these issues. Until such rulings are forthcoming from the State Water officials, we will continue to operate in our usual way. We have been informed that enforcement of the Order and penalties cannot be enforced until appropriate rulings are made and a grace period for compliance has elapsed.

The system, now complete, has operated very well over the past year, passing all tests. We have had to replace four of the nine valves on the water mains; five remain in place and will be allow

to remain in the system, rather than undergoing the expense and interruption of service at this time.

5) New Business:

Bob Kittle discussed the likelihood that we will need to install meters at each cabin. This requirement may come as soon as the 2018 year according to information from water resources professionals. The estimated cost of installing meters would be \$95,000. The board will investigate the potential for using meters that incorporate a pressure regulator, thereby allowing the pressurizing of the system, to equalize pressure system wide at approximately 40 to 45 PSI. Current pressure at the bottom of the system is in the area of 100 PSI, while the pressure at the top of the system is closer to 23 PSI. An additional expense for the pumps and plumbing necessary to pressurize would cost an additional \$100,000, in 2016 dollars, according to an estimate from Z&H Associates, our contractor on the 1 through 21 loop installation.

We will continue to add to reserves in an effort to minimize the need for an assessment to meet these capital expenses.

Bob Kittle also presented a proposed revision of the By-laws, sections 9-11, regarding changes that will spell out the procedure and timelines handling delinquencies in the payment of water fees by cabin owners. Copies of the proposed revisions were provided to the shareholders in attendance, and will be mailed to those unable to attend.

A motion was made by the chair, requiring no second, to accept the revisions to the By-laws, as presented. A roll call vote was conducted to assure one vote per eligible cabin. The final tally of the vote was 56 votes in favor, 3 votes against. The motion carried.

6) Tom Webster discussed the progress on the merging of the MSCHA Board and the Mill Creek Lassen Mutual Water Company Board (H2O). This had been discussed at the 2015 meeting. Both Boards had initial conversations with their attendant attorney. Unfortunately, both attorney for the MSCHA board and the attorney for the H2O Company left their respective firms. Tom has contacted Andrew McClure, an attorney with the same law firm previously utilized, who will now be handling our legal work. Mr. McClure researched the question of have the same members on both the MSCHA and H2O boards. His finding is that there are no prohibitions against the board member serving on both boards. All constituents of MSCHA and the H2O Company are coincident; therefore there will be no conflict of interest.

The boards will consider the method of reducing the total number of board members. One possible method would be to reduce the number of board members by attrition as the rolling seats on the boards arise annually. Susie Kirch, incoming President of MSCHA and Tom Webster, incoming President of the H2O board will set a time for a joint meeting to discuss this topic.

- 7) Terry Neher, Water Superintendent reported that the system continues to function well. He reports that the springs are producing at excellent rates. We are relying only on the Tamarack Springs for our household water needs. Recovery of the tanks, even on high volume weekends, is fast. The Ash Tanks continue to overflow. The Ash Springs system will only be utilized in fire suppression efforts.

Terry further reported that the system continues to meet all Health Department testing requirements.

- 8) Bob Kittle opened the floor for nominations to serve on the H2O Company Board. Tom Webster placed the name of Mike Shannon in nomination. There being no other nominations from the floor, Bob called for a vote of unanimous consent by voice vote. The motion carried.

There being no additional business, Bob Kittle received a motion to adjourn from Tom Webster, there was a second, and the motion carried by voice vote.

Respectfully submitted,

Tom Webster, secretary