

DIAMOND A MUTUAL WATER COMPANY BOARD MEETING NOTES

Date and Location: September 24, 2015, 7:00 p.m., Diamond A Recreation Center Building, 18843 Spring Drive, Sonoma County, California

Presiding: Richard Bryan, President

ATTENDEES: Board Members: Richard Bryan, Peter Hohorst, Dave Martinelli, Celia Schake, Joe Lieber, Patrick Treacy and Mike Buckley.

Staff: Dee Young and Bill Angeloni.

Shareholder Guests: Roland Gangloff, Mary Lex, Sheryl Glon, Ron Matteson, Wayne Mehl, Wayne Schake, Judy Scotchmoor.

MEETING NOTES:

The board approved the meeting notes from the Quarterly Board Meeting held on June 22, 2015.

COMMITTEE REPORTS AND DISCUSSION:

1. Operational and Technical –

a. Operations – Dick Bryan/Bill Angeloni

i. Water system update

1. JDY service continues without any operational issues for the quarter
2. Well production vs. State conservation target of 25% reduction was exceeded for the months of July and August but fell short for September.
3. Maintenance activity
 - a. Grove/Viewcrest Water main leak
 - b. Tank 4 backup booster pump replacement
4. Procurement has started for selected basic miscellaneous tools, materials, equipment and safety warning devices in order to better respond to maintenance incidents. A location to store the materials and to locate a small storage shed is being evaluated.
5. Zone 3 Tank backflow piping design is being analyzed

ii. Status of Zone 1 Tank replacement:

1. The permits have been approved and site preparation has started.
2. Site preparation and tank erection is estimated to complete by the end of the year

2. **Financial** –Dave Martinelli/Dee Young

a. Financial Update

- i. Due to ongoing State mandated conservation efforts, Water Sales revenue is expected to be \$5k-\$10k below budget. As a partial offset, Electricity costs are expected to be \$2k-\$5k under budget. Other operating expenses are coming in more or less in line with the Budget.
- ii. The Westamerica Bank loan has been fully funded, so the Water Company is in an excellent overall cash position.

b. Review 2015 Capital Budget Changes

The only significant Capital Projects for 2015 will be the installation of the White Oak tank and the completion of the wireless and well monitoring equipment. The budget includes an allowance of \$40k for ongoing system maintenance but it is not expected that these monies will be spent in 2015.

c. Other Finance Items

- Electronic Billing and Payment
 - Dee stated that this has been in effect since April with the majority of Diamond A households receiving only an electronic invoice. Many customers are paying on line as well. Overall this implementation has been very successful.
- CPA Reviewed Financial Statements
 - In order to comply with AB240, Dee completed this project as well. Copies of the financial reports are available to the Board or members on request.
- Review and Approve Delinquent Account Recovery Process (attached)
 - In consultation with legal counsel, the Finance Committee has recommended that the Board approve the initiation of 3 actions with seriously delinquent accounts:
 1. Suspension of Voting Rights
 2. Revocation of the Right to Transfer Membership. Membership transfers will once again be allowed once the account is brought current
 3. Recordation of a Lien on the Diamond A real estate for which the member is delinquent
 4. Template for delinquent account letter (attached)
 - The Board unanimously approved these actions.

3. **Governance** – Peter Hohorst

- a. Legal counsel for future revision is reviewing the Company Articles of Incorporation and By-laws.

4. **Conservation and Communications**-Joe Lieber/Celia Schake

a. Conservation

A Google Group notification will be sent out to members urging them to continue to increase their water conservation efforts in light of our falling below target for the month of September. The next two months will require even more reduction in order for the Company to meet the overall target.

5. **Personnel, Professional Services and Administration** - Dick Bryan/Dee Young

a. An evaluation has been completed on the scope, storage and location of Company records. The report will be finalized by the next Board meeting.

b. The process to record meter readings from a manual to electronic has been completed.

6. **Executive Session**

a. The Board reviewed delinquent accounts and agreed on recovery action with regard to specific accounts.

b. The Board reviewed the performance of outsourced services providers.

The next Board meeting will be held on December 10, 2015 at the Diamond A Recreation Center.

Meeting Adjourned at 8:30pm