

**DIAMOND A MUTUAL WATER COMPANY
BOARD MEETING NOTES**

Date and Location: The meeting started April 24, 2016, at 3:15 p.m. immediately following the Company Annual Meeting, at the Diamond A Recreation Center Building, 18843 Spring Drive, Sonoma County, California

Presiding: Richard Bryan, President

ATTENDEES:

Board Members:

Richard Bryan,
Peter Hohorst,
Joe Lieber,
Dave Martinelli,
Celia Schake,
Patrick Treacy.

Staff:

Dee Young-Administration
Bill Angeloni-Operations Manager.

Shareholder Guest: Dick Hanna

MEETING NOTES:

The board approved the meeting notes from the Quarterly Board Meeting held on February 15, 2016.

COMMITTEE REPORTS AND DISCUSSION:

1) **Operational and Technical** – Dick Bryan/Bill Angeloni

- a. System status: Normal operation throughout the period
- b. Maintenance activity: Cleared brush from company property on Kenleigh Drive adjacent to the property on the corner of Kenleigh Drive and Mesquite Court.
- c. Water production for the first quarter was 3.6 million gallons
- d. Well monitoring: The water level remains stable.
- e. The Board discussed starting the engineering for Zone 4 Tank replacement in 2016 and reviewed a preliminary engineering proposal. A decision to proceed will be scheduled for the next board meeting.
- f. Upgrading of the chlorination system at Well 4 has started
- g. Zone 3 Tank piping modifications are under evaluation and are scheduled for 2016.

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

(a) Current Financial Status

- (i) Consistent with Budget thus far in 2016
- (ii) Water Sales Revenue Down due to conservation and wet winter
- (iii) Offsetting declines in Electrical Costs and R&M should maintain Net Cash Flow at Budget level for the year
- (iv) Balance Sheet looks strong with \$140k Cash and \$165k loan balance

(b) Insurance Update

- (i) Reviewed current policy premium and coverage levels
- (ii) Opportunity to move to a pooled insurance program with same broker, same coverage levels, that would save \$800 in premium
 - 1. Expect to see proposal from competing pool program later this year
- (iii) Member John Walker, who is a professional risk manager, has reviewed our policy and suggested:
 - 1. Increased deductibles to lower premium
 - 2. Increased liability coverage
 - 3. Obtaining an Earthquake coverage quote
- (iv) Board Recommendation:
 - 1. Take no action at this time on existing coverage—renewal is 9/1
 - 2. Take on Risk Management as a topic for discussion within the Finance Committee and add John Walker as a resource for this area
 - 3. Come back to the Board with a specific recommendation on coverage and policy structure prior to 9/1 renewal
 - 4. In support of the insurance evaluation, assets of the Water Company will be inventoried to include obtaining the copies of Grand Deeds on parcels owned by the Water Company and developing an asset list of the overall system by location.

(c) Tank at Well #4

- (i) The Company relationship bank has shown preliminary interest in financing the next tank replacement project
- (ii) Current financial model is to replace tank in 2019
- (iii) Preliminary modeling shows that, if financed at \$200k under current loan terms, the replacement could be moved up to 2017 with the Water Company maintaining adequate cash reserves. No formal action was taken by the Board—this item will be further reviewed by the Finance Committee with a recommendation to be provided to the Board regarding the merits of proceeding with \$20k of Phase I engineering work on the new tank in 2016.

(d) A discussion was held on the current tiered rate structure. The Finance Committee was requested to evaluate the current structure and report to the board at the next meeting.

3) **Governance** – Peter Hohorst/Celia Schake

- a. Bylaws revision
 - i. A revision of the Company Bylaws has been completed by legal counsel to conform to current legislation and other requirements and has been approved by the Membership.
- b. Election of Directors-The Membership elected the following directors:
 - i. Richard Bryan-reelected
 - ii. Dave Martinell-reelected
 - iii. Ron Mattson-elected (replaces Mike Buckley)
- c. Board Officer Election-The Board elected board members to the following positions:
 - i. Richard Bryan-President
 - ii. Joe Lieber-Vice President
 - iii. Dave Martinelli- Chief Financial Officer
 - iv. Celia Schake-Secretary

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

- a. Letters will be sent to approximately 20 Members who used a disproportionate amount of water over the last three quarters to ask them to reduce water consumption.
- b. An article in the next Newsletter will explain to members how to read their water meter
- c. Water use from January through March was below the state target.

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

- a. Critical DAMWC documents continue to be identified and placed in the Company safety deposit box for safekeeping.

The next Board meeting will take place take place at 7:00pm July 7, 2016 at the Diamond A Recreation Center.

Meeting Adjourned at 4:50pm