

DIAMOND "A" MUTUAL WATER COMPANY  
A California Non profit Mutual Benefit Corporation

2017 ANNUAL MEETING NOTES

The Annual Meeting of the Corporation was held on Sunday, March 26, 2017 at 4:00pm at the Diamond "A" Recreation Center Building, 18843 Spring Drive, Sonoma County, California pursuant to order of the Board of Directors acting by authority of Article II, Sections 1 and 2 of the Corporation Bylaws.

1. Welcome - Dick Bryan

Richard Bryan welcomed the attending members and provided an overview of the agenda for the meeting.

2. 2016 Operations Overview – Bill Angeloni/Dick Bryan

- a. No health or safety incidents
- b. Produced, treated and distributed 31 million gallons of water
- c. Major replacements and upgrades over the past three years
  - i. Replaced Well pumps 1, 2, 3 (2014-15)
  - ii. Installed air tubes in all wells (for measuring water level) (2014-15)
  - iii. Replaced Zone 3N tank (2015)
  - iv. Replaced Zone 1 Tank (2016)
  - v. Upgraded chlorination systems for Zone 1 and 2 Tanks (2016)
- d. Major repairs included:
  - i. Zone 3S Tank leak repair and cleaning
  - ii. Re-roofed Zone 1 and Zone 2 sheds
  - iii. Repair hatches for Tanks 2 and 3S
- e. State Inspection
- f. Plan for 2017/2018
  - i. Replace Zone 2 Tank
  - ii. Issue an Operations Manual
  - iii. Life extension projects for Zone 3B Tank
  - iv. Upgrade chlorination system for Zone 3
  - v. Upgrade and install additional system controls
    - 1. A simple enhancement to the pump controls for Zone 1 Tank (White Oak Court) to allow off-peak only pumping. This change is expected to save \$1,200 annually in electrical charges.
    - 2. Modernize the controls for Zone 2 tank (Grove) and Zone 3(s) tank (Viewcrest) with a cloud based SCADA (supervisory control and data acquisition ) system in order to provide real-time water system status and avoid unexpected outages for the most heavily used segment in the system.
  - vi. Well 4 pump replacement (2018)

### 3. Financial Status- Dave Martinelli

#### a. Fiscal 2016 Year End Report

- i. Final 2016 Profit and Loss was in line with Budget
  1. 2016 Budget was \$145k vs \$148k Actual
- ii. 2016 Capital Expenditures were \$13k below Budget
- iii. We are paying down Westamerica Tank loan as agreed
  1. 12/31/16 Balance is \$129k
- iv. Cash Position is strong with 12/31/16 Ending Cash balance of \$177k

#### b. 2017 Plan

- i. Budgeting \$135k Net Cash Flow from Operations
  1. Lower than 2016 Actual due to additional Interest Expense forecast for 2017 due to new Zone 2 Tank Loan
  2. Budgeting \$45k for Capital Expenditures, excluding new tank
- ii. Projecting 12/31/17 Ending Cash of \$107k
- iii. Will construct Zone 2 Tank in 2017:
  1. \$336k budgeted cost, including 15% contingency allowance
    - a. Costs are based on prior two tank construction jobs plus inflation allowance
  2. Approved for Westamerica Loan on new tank for \$250k

#### c. Property and Casualty Insurance

- i. Prior to 2016, DAMWC carried General Liability insurance of \$1mm per occurrence/\$3mm aggregate.
  1. At renewal in 9/16, these limits were increased by \$5mm in Excess Liability coverage for an incremental \$3,400 premium

#### d. Earthquake Insurance

- i. DAMWC does not currently carry Earthquake Insurance
- ii. We have received a proposal for coverage under the following conditions:
  1. Premium: \$17k/yr
  2. Limit: \$1.1mm insured value
  3. Deductible: \$75k
- iii. The Board will evaluate whether or not to purchase this coverage

### 4. Communications and Conservation – Joe Lieber

1. Newsletters
2. Emergency response plan
3. Pipe liner

5. Governance - Celia Schake
  - a. Matters for Action by Members
    - i. The following Directors were elected:
      1. Richard Bryan (incumbent)
      2. Dave Martinelli (incumbent)
      3. Joe Lieber (incumbent)
      4. Patrick Traecy (incumbent)
6. The meeting was adjourned at 5:00pm

ATTENDEES:

BOARD MEMBERS: Richard Bryan, Peter Hohorst, Joe Lieber, Dave Martinelli, Celia Schake, and Patrick Treacy, Ron Matteson

STAFF: Dee Young – Administration, Bill Angeloni - Operations Manager

SHAREHOLDER GUESTS: Robert Blade, Nelleke Cooper, Rich Cooper, Dick Hanna and Lorrie Hohorst



7. Appreciation:
  - a. The Board thanked Mike Buckley and acknowledged his 33 years of service to the company as a board member. He was given a gift certificate to a local restaurant as a token of appreciation on behalf of the Board and Members.
8. Open discussion. Topics of discussion included:
  - a. The \$200 per quarter maintenance fee
  - b.
  - c.
9. Meeting was adjourned at 4:10pm

ATTENDANCE

Board Members:

Richard Bryan.....President  
Joe Lieber.....Vice-President  
Celia Schake.....Secretary  
Dave Martinelli.....Treasurer  
Peter Hohorst.....Director  
Patrick Treacy.....Director

Staff:

Dee Young - Administration  
Bill Angeloni - Operations Manager

Members:

Kip Cutting, Ruth Fassinger, Dick Hanna, Lorre Hohorst, Gail Jacobs, Mary Lex, Helen Mehl, Rick Mordesovich, Tia Pierce, Wayne Schake, Saga Thovtrup, John Walker, Mariann Weber