

DRAFT
DIAMOND “A” MUTUAL WATER COMPANY
A California Non-profit Mutual Benefit Corporation

MEETING NOTES

A Meeting of the Corporation was held on Monday, December 11, 2017 at 7:00 pm, 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 the Corporation By-Laws.

Presiding: Richard Bryan, President

ATTENDEES:

Board Members:

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

Staff:

Dee Young- Administration and Finance Manager
Bill Angeloni-Operations Manager

The meeting was called to order upon determination of a quorum. All Directors and Staff present.

The Board approved the meeting notes from the Quarterly Board Meeting held September 18, 2017.

COMMITTEE REPORTS AND DISCUSSION:

1) Committee reports and discussion

a) Operations and Administration

i) Water system update

- (1) There were no major problems with the system this quarter
- (2) Installation of a waterproof thermoplastic membrane was overlaid on the new plywood sheathing to complete the roof replacement for the Zone 3S (Viewcrest) tank.
- (3) Zone 2 Tank replacement continues with the excavation for the tank foundation. Significant difficulty has been encountered in fracturing and removing the rock.
- (4) A contract revision for Financial Manager was discussed and **approved by the board**
- (5) System Controls update

- i. The Board continues to work with Mark Covaro, a Diamond A resident and president of Iconia Corporation in Sonoma, to develop a real-time, water level measurement in the water storage tanks using a long range radio system that is coupled to an ultrasonic water level sensor that will allow us to track the tank water levels via a cloud-based application. The first application is expected to be installed in early 2018. An extended test of the first installation will occur before adding the controls to the other tanks.
- ii. The Board appreciates the time and expertise that Mark and his associates, Dale Fong, and Harold Zagunis (also a Diamond A resident), have contributed to the project.

b) Financial

i) 2017 Financial Recap

1. Actual Net Cash Flow will be \$20k below 2017 Budget
2017 Budget is \$135k
2017 Actual is estimated at \$115k
2. Actual Cap Ex will be \$23k LOWER than originally expected
Excludes Zone 2 tank, which is in process
Capital spending in other areas was reduced or eliminated
3. Ending Cash \$3k better than Budget

ii) Key Assumptions for 2018 Budget

1. Water Sales based on 2017 actuals. This is felt to be conservative since 2017 was a generally wet year
2. Expenses are based on 2017 actuals plus adjustments by the Finance Committee
3. Repair and maintenance budget was \$58k in 2017, but lowered to \$45k in the 2018 Budget. This is still a historically high number for this activity.

(ii) Recommend Approval of 2018 Budget

1. Formal budget approval is required per AB 240
2. 2018 Budget shows Cash Flow from Operations of \$122k
3. Project \$25k NEGATIVE CASH FLOW after \$48k in Cap Ex and \$99k in Loan Principal reduction
4. 2018 Ending Cash Forecast to be \$86k

(iii) **The Board approved** the 2018 Budget

c) Communication

i) Emergency Response Plan draft issued for comment

ii) Lessons learned from recent fires

1. Provide close water system monitoring
2. Establish line of communications internally
3. Interface with CalFire. Board Member Joe Lieber will be the DAMWC liaison with CalFire
4. Develop process in Emergency Response Plan and O&M Plan

d) Governance

- i) The **Board approved** the Nominating Committee recommendations for the board vacancies created by three board members with expiring terms. They are Directors Ron Matteson, Dave Martinelli and Peter Hohorst
- ii) The Annual Meeting will be held on March 25, 2018, 4:00pm
- iii) Dates for 2018 Quarterly board meetings were established:
 - Sunday March 25 immediately after the annual meeting
 - Monday June 18
 - Monday September 17
 - Monday December 10

All meetings will be held at 7:00pm at the Diamond "A" Recreation Center Building, 18843 Spring Drive, Sonoma, California

- iv) First Quarterly Board Meeting on March 25 will include Election of Officers for 2018
- v) The **Board agreed** to the elements of a Lost Water Policy for claims of abnormally high water usage that is to be administered by the Finance Committee
- vi) The **Board agreed** to a contact priority for Members. The primary contact will continue to be the 24-hour on-call services provided by the DAMWC water services contract provider, Jerry and Don's Yager Pump and Well Service. The use of the current answering service will be discontinued as it has become redundant.

- 2) Comments from shareholders (limited to 3 minutes each)
No shareholders attended

Adjournment

A motion to adjourn the meeting was approved at 8:30pm

Attachment:

Notes:

- (1) Approved Board Meeting Notes for the previous meeting are issued electronically with the Meeting Agenda for the upcoming meeting. The meeting notes are also posted on the Diamond A website (<http://diamondasonoma.com>) under Water Company Board Postings. Any member may obtain a copy of the report upon written request to Diamond A Municipal Water Company, PO Box 150, El Verano, CA 95433.
- (2) The 2016 Annual Report (financial information) has been posted on the Diamond A website and can also be obtained by mail (see above).
- (3) Board actions are in **bold underlined** type.