

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

2018 ANNUAL MEETING NOTES

The Annual Meeting of the Corporation was held on Sunday, March 25, 2018 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 welcomed the attending members and provided an overview of the agenda for the meeting.
2. 2017 Operations Overview – Bill Angeloni/Dick Bryan
  - a. No health or safety incidents
  - b. Produced, treated and distributed 38 million gallons of water
  - c. Major replacements and upgrades in 2017
    - i. Replaced Tank 2, a 50,000 gallon redwood tank with a 90,000 gallon bolted steel tank.
    - ii. Implemented a timer to reduce use of ON-PEAK electrical usage for Wells 1 and 2. Based in the savings during the summer and of 2017 when usage is its highest, payback for the modification will be about four years.
    - iii. Added a pump controller for Well 4 to improve pump performance. Installed a new fire hydrant at the Well 4 location.
  - d. Major repairs included:
    - i. Zone 3S Tank roof replacement
    - ii. Repair of a distribution main damaged by the large culvert wash-out on Kenleigh Drive
  - e. Plan for 2018
    - i. Replace Well 4 pump
    - ii. Upgrade electrical panels in the Zone 2 shed.
    - iii. Install a modular storage shed for spare parts and equipment
    - iv. Upgrade chlorination system for Zone 3
    - v. Issue a revised Operations and Maintenance Manual
    - vi. Upgrade and install additional system controls
  - f. Slides of the Tank 2 Construction project and the Tank 3S roof renovation were presented, (The slides along with the agenda and meeting notes will be placed on the Diamond A website under Water Company)
3. Financial Status- Dave Martinelli
  - a. Fiscal 2017 Year End Report:
    - i. Final Profit and Loss below Budget
      1. 2017 Budget was \$135k
      2. 2017 Actual was \$121k
        - a. Large breaks on Kenleigh and Canyon contributed towards a \$10k over-run on budgeted Repairs and Maintenance
      3. Cap Ex less than Budget
        - a. Excluding Zone 2S Tank, we spent \$18k vs Budget of \$45k

4. Ended 2017 with \$321k in Cash
    - a. Still finalizing costs on Zone 2 tank, but project to maintain a minimum Cash balance of \$90k throughout 2018
  - b. 2018 Plan
    - i. Budget is \$122k Net Cash Flow
    - ii. 2018 Ending Cash Projected to be \$94k
    - iii. Budgeting \$26,500k in final costs on Zone 2 Tank in 2018
    - iv. Will continue to amortize the Westamerica tank loans with a \$99k principal reduction forecast for 2018
    - v. \$48k in Cap Ex budgeted
      1. Well 4 pump replacement \$6,000
      2. Storage container/shed \$7,000
      3. Instrumentation and controls \$5,000
      4. Capital reserve account \$30,000
      5. TOTAL \$48,000
  - c. Earthquake Insurance
    - i. The Water Company does not currently have Earthquake Insurance coverage in place
    - ii. The Board evaluated such coverage in 2017 but found the costs (\$17k per year, excluding coverage on underground pipes/distribution system) to be prohibitive
4. Communications –Joe Lieber
- a. A draft of the Emergency Plan was provided to the Board.
  - b. A future newsletter that will incorporate much of the minutes of the meeting along with information on home water storage tanks.
  - c. A summary of grant possibilities was provided along with a brief summary of recent experience trying to get a FEMA grant. Joe Lieber will be attending a session on obtaining grants for small water companies in June 2018.
5. Governance - Celia Schake
- a. Matters for Action by Members
    - i. The following Directors were elected:
      1. Peter Hohorst (incumbent)
      2. Ron Matteson (incumbent)
      3. Dave Martinelli (incumbent)
6. Shareholder comments/questions.
- a. What can be done to add home water storage to a property?
  - b. In the event of a fire, is turning on a sprinkler system on the roof effective?
- The board agreed to address the issues and respond to the Members.

The meeting was adjourned at 5:00pm

ATTENDEES:

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

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

SHAREHOLDER GUESTS: John Walker, Mary Lex, Helen Mehl, Mariann We