

MINUTES

Gran Mutual Water Company Annual Meeting of the Board of Directors - January 30, 2019 Nash's Restaurant, 1717 Esplanade, Chico

The meeting was called to order at 6:30 p.m.

Board Members Present: Ken Klages, Acting President; Bill Beckett, Secretary; Marilyn Everett, Chief Financial Officer; and Steve Moreland, Director.

Board Members Absent: Bob Gaines, Director.

Gran Mutual Staff Present: Bob Koch, Administrative Consultant and Kevin O'Shea, Water Master.

Owners in attendance: In addition to the Board member owners, 16 owners were present plus 3 related others for a total of 19 other persons in attendance.

Opening Remarks: Acting President Ken Klages noted that former President Randy Hill had resigned from the Board since he had sold his property and moved elsewhere in Chico. He commented that Gran Mutual is a successful and well-run water company due in large part to the hard work that Randy put in as a Board member and officer for many years. Ken also expressed the Board's thanks to Water Master Kevin O'Shea for all of his hard work during and after the Camp Fire to ensure that our water system remained safe and operational. He also noted that Gran Mutual provided Cal Fire 3 million gallons of water from our hydrants during the fire.

Ken also advised those present that they should check their irrigation systems before activating them this spring to ensure that they were not damaged by the fire or leaking. For those who lost their homes, Kevin can work with their contractors to identify locations for the installation of hose bibs or connections to a new home or irrigation system.

Board of Directors Election. Ken advised that because of the impact of the Camp Fire, the Board has decided to suspend the Board of Directors election process for this year, and that the current Board members will continue serving until the election to be held next year. In addition, he noted that there are two positions on the Board that can be filled by Board appointment and the Board will consider any owner who would like to volunteer. He encouraged those in attendance to contact the Board if they or someone they knew would be interested in being considered. Information regarding Gran Mutual can be found on our recently updated website, granmutual.org

Financial Report. Marilyn distributed a comparative annual Statement of Revenues and Expenses for the periods ending December 31, 2018 and 2017. She noted that this Statement is on a cash basis and shows a net loss for the year primarily because of the large expenditure for

the Spanish Gardens water line project, repairs to the well pump system at Well #2, a new pump system booster station and electrical panel, and contingency expenses incurred as a result of the Camp Fire.

Marilyn distributed copies of the 2018 Actual versus Budgeted Revenue & Expense report which indicated that revenues were up almost \$5,000 over the budgeted amount, and that expenses were approximately \$35,000 less than budgeted largely due to the Spanish Gardens water line project coming in about \$67,000 under the budget amount which was based on the engineer's estimate.

Ken reviewed the latest draft of the Spending Forecast for Capital and Major Maintenance expenses through the year 2026. He noted that the Board will be making some additional adjustments in the timing and expense of future projects in order to ensure that the financial reserve balance is maintained at a reasonably healthy level while at the same time keeping the water system functioning at a high level. These adjustments will be considered at the next Board meeting.

Water System Report. Water Master Kevin O'Shea discussed the work undertaken in the aftermath of the Camp Fire. He said that he had isolated the connections to the water system where there was fire damage in order to prevent water waste, and to maintain the structural and water quality integrity of the system. He has been testing for various potential contaminants in the system and the wells and noted that there are no detectible contaminants, and that the wells in particular are in pristine condition. He will continue to monitor the water quality on a regular basis to ensure no contamination problems arise in the future.

Kevin noted that with the recent completion of the Spanish Gardens pipeline project, five new hydrants were installed and were used by Cal Fire during the fire. He also noted that because of fire damage to a valve station and recent pipeline damage from a falling tree required shutting down one of the water lines serving Spanish Gardens, it was very timely to have the new line in place in order to provide redundancy to the system and avoid not being able to provide water to 20 Spanish Gardens homes.

Owner comments: Marcia Moore recommended that the Board consider sending out a statement explaining why there would be no change in the water rates for those owners whose house had burned. Barbara Weibel suggested that the Board put such a statement on the web site.

Adjournment. There being no further business, the meeting was adjourned at 7:15 p.m.

Respectfully submitted,

William C. Beckett, Secretary