

Annual Meeting
01/29/14
Nash's Restaurant
1717 Esplanade
Chico, CA 95926

Called to Order at 6:32 PM.

Board Members Present: Randy Hill, President; Marilyn Everett, CFO; Bill Beckett, Secretary; Paul Krause, Director.

Guests Present: Diane Azevedo, Administrative Support; Angela Wendele, California Rural Water Association.

President Randy Hill introduced the Board members. The Minutes of the 2013 Annual Meeting were distributed to owners present and advised that the Minutes had been previously approved by the Board and are posted on the website. Members in attendance need to sign in for the record. (Noted that 8 members plus the Board members for a total of 12 members attended).

Marilyn presented an overall view of the financial condition of the company. She provided owners present with financial reports for the operating account and reserve account as of December 31, 2013.

The Balance Sheet showed that the company had \$25,889 in cash in the operating account and \$241,682 in the reserve account for a total cash balance of \$267,571. Total capital assets amounted to \$687,976. Total assets amounted to \$955,786 as of December 31, 2013.

Net income for the year amounted to \$59,391 in the operating account. \$43,460 of that income was transferred to the reserve account. Funds from the reserve account amounting to \$50,072 were used for the Skansen fire hydrant and pipeline upgrade.

PG&E is the most expensive item in the budget and is always a challenge to oversee and prevent excessive water usage. She stressed that irrigating your landscape on off peak times and reporting leaks would reduce the PG&E bills significantly.

The Budget to Actual income and expense comparison for 2013 was presented.

2014 Budgeted income and expense was presented. Noted items are as follows:

Water Service income: \$133,800

PG&E: \$38,000

Estimated Income: \$45,000, which will be transferred to the reserve account.

She advised the owners that water rates may need to be increased in order to build up the reserve account.

Paul Krause has updated the capital asset replacement reserve requirements. Using a 3% inflation factor, the fair value of the system as of June 30, 2013 was \$4,455,000, which equates to \$43,000 per lot.

The calculated amount we should have on hand at the end of December 31, 2014 is \$665,000. The current balance in the reserve is \$241,682 and when we transfer \$45,000 of the 2014 estimated income, the expected balance will be \$286,682, which leaves a shortage of \$378,000.

The Skansen upgrade was discussed with one additional fire hydrant installed.

Plans are being made to upgrade the exposed pipeline in Spanish Gardens. The project will be done in two phases and the projected cost is estimated to cost \$250,000.

Paul Krause presented a comparison of water usage and costs for three water companies, Paradise Irrigation, Cal Water, Chico and Gran Mutual. Gran Mutual water is much less costly than the other two companies.

Randy discussed water usage and reported that the water level has dropped about three feet, but the wells are at 700 feet. Bill discussed the aquifer and the possibility of redistributing our water.

Randy spoke to the water system's efficiency and Kevin's involvement in maintaining the system, making repairs as needed and keeping all of the water testing report.

A questionnaire was sent to all owners requesting, among other things, emergency email addresses so that owners could be emailed in the event of fire or system failure. There were a very small number of responses. It was suggested that volunteers from each development be identified. It was suggested that Deborah Burgess for Skansen; Sally McCafferty for Rocky Bluffs and Carl Madsen for Spanish Gardens.

Randy advised that because there were no nominations, the Board would remain the same. He also advised that Garey Weibel had resigned from the Board after 10 years of service.

There being no further business, the meeting was adjourned at 8:00 PM