

**Riviera West Mutual Water Company
Board of Directors Meeting
Friday, September 18, 2009
Held at Riviera West Clubhouse**

MINUTES

- I. **CALL TO ORDER:** The meeting was called to order at 6:00 PM by Jan Worswick.
- II. **ROLL CALL:**
Board Members present:
 President – Jan Worswick
 Treasurer – Linda McPherson
 Secretary – Barb Curtis
 Director – Dave Worswick
Board Members not present:
 Vice President – Jim Snodgrass (wife in surgery)
- III. **CONSENT CALENDAR:**
Minutes – Motion M/S/C/ to approve July 17th Minutes
- IV. **COMMITTEE REPORTS:**
 President (Jan Worswick) explained that this and future Board Meetings will be video taped, for Board reference. A digital recording will be available to view at the Clubhouse, but may not be removed from the building. Administrator Katy English will set up the video to be viewed by shareholders, if they so desire.
 Director (Dave Worswick): Operations and Maintenance: Dave explained that our water plant has been devastated this summer by masses of a “gel” like material that remains after the filtration process, due to the highly particulate condition of the lake. A pretreatment clarifier would eliminate this problem in the future. Dave extended apologies to the Ladies’ Club members, regarding the sporadic heating of the Clubhouse pool. He is currently exploring the option of upgrading our solar heating system. Dave also expressed his interest in helping to upgrade our Clubhouse and mentioned a few ideas.

 Treasurer (Linda McPherson): Financials. Linda reviewed the current financials and ongoing progress in collecting overdue Company receivables. Linda explained the lien process: It is easier to collect from homeowners using water, by shutting *off* their water, versus landowners who are not paying their reserve accounts. A list of delinquent addresses was presented to the Board for a vote to go forward with liens against the properties, which was approved.
- V. **OLD BUSINESS:**
 President (Jan Worswick): Jan reviewed the status of our ongoing Complaint with the Central Valley Regional Water Quality Control Board. Jan explained the findings of her research, which shows that RWMWC had not been discharging waste (backwash water) back into

Clear Lake and therefore had cause to not test and report such. Jan feels we are on the home stretch of this process and, hopefully, all will be resolved in a matter of weeks. Until this issue is officially mediated, the utmost discretion is still paramount in any discussions regarding the CVRWQCB fine to avoid the risk of piggy-back lawsuits.

VI. NEW BUSINESS:

President (Jan Worswick): Informed the shareholders that we have hired a new engineering firm, DeLeon Engineering of Lakeport (Dennis Smith has closed Western Engineering, our previous firm). Scott DeLeon, our new engineer, has a long-standing relationship with the pertinent agencies within Lake County, integral to obtaining a County discharge-to-land Permit. With the shallow conditions of Clear Lake, we are feeling the need more than ever for a pretreatment clarifier and upgrades to our water plant. Once we have resolved our current issue with the State and our Permits are in place from both the County and the State, we will be able to shift the focus of our reputation in the mutual water company industry back to the excellent water quality and professional management that set our standards uniquely apart in Lake County.

Compliant Resolution: Jan explained her paid litigation intermediate position, established at the Open January Meeting by the Board, to more cost-effectively address and resolve the California Regional Board Complaint and \$4M statute-mandated fine, in conjunction with our attorneys. Their decision was that: Jan should be compensated for (1) The numerous hours it would take in research going back to 1996, trying to get to the bottom of this Complaint; (2) To lobby State officials and water oversight agencies at the highest levels to make them aware that it was a clerical offense, not a pollution violation, which was the essence of the Complaint and to engage their intervention; (3) To attend Regional Board Meetings to help negotiate a settlement; (4) And, most importantly, to try to prevent our water company from being taken over by the State, which would result in significantly higher water rates for all current and future shareholders (as well as a permanent loss of all Company control). Jan explained that she was hired as a temporary employee, with no benefits, to work exclusively on this Complaint. She is *not* being compensated for her duties as a Board Member, nor is any other Board Member.

Secretary, Linda McPherson, added that we have been turned down for all 4 of our grant and low interest loan applications to the State of California for upgrades to our water plant, which isn't surprising considering the financial condition of the State.

VII. OWNERS FORUM:

Once again, the topics of statements and questions by shareholders were mainly focused on the management decision of the Board, for its fiscal strategy to pay Jan Worswick, instead of our Sacramento law firm, for supplemental discovery, litigation and lobbying work, as well as a review of Open Meeting Board votes and Meeting Minutes. There was, again, much concern about the decision made by the Homeowners' Board not to hold the Annual Saturday Homeowners' Meeting this year (in the last minute absence of a POA Board quorum), where the Ladies

Club could serve donuts and residents could socialize. There was also an inquiry into the possibility of holding monthly Board meetings, instead of bi-monthly meetings.

VIII. NEXT MEETING: Friday November 19 at 6:00 pm

IX. ADJOURNMENT: Motion M/S/C to adjourn meeting 7:15 pm.

Respectfully submitted,
Barb Curtis, Secretary