Welches Water Company Board Meeting
Wednesday June 10, 2026
7:00 p.m
Hoodland Senior Center & via Zoom

Meeting Minutes

1. Call to Order: 7:01PM
2. Roll Call:
   a. In Person: Randy Stephens, Lucas Moore, Jeremy Tower, Jayme Wantowski, Patrick Caughlin and Pat Buckley
   b. Remote: Jay Miller, Raymond Miller, Allison Miller, Sue Ellen White
3. Approve Meeting Minutes from February 2026 Mtg:
   a. Jay makes motion to approve February 19th, 2026 meeting minutes. Approve unanimously.
4. Leadership Transition – Interim President
   a. Randy confirmed that he has agreed to step in as Interim president with the departure of prior president Maggie Skenderian.
5. Financial Reports:
   a. Jayme reviewed key balances from the accrual-based balance sheet, including cash in bank, accounts receivable, current assets, fixed assets and legal retainer. Randy asked a question about updating the balance sheet to include in-ground assets. Jayme explained that if we include them we will have to depreciate them and revise prior financials. Randy requested this be resolved before the annual meeting. Randy and Jayme will meet with Linda Miller to discuss further.
   b. Jayme provided an overview of the accrual-based profit and loss statement for the fiscal year to date of July 1, 2025 thru May 31, 2026, including an overview of income of $64,485.18, expenses of $57,911.58 and net operating income for the period of $6,573.60. Randy noted some expense reduction efforts are underway including Google for ~$1,500 per year.
   c. Randy reviewed the FY2027 Operations Cash Budget as of April 2026. Cumulative fiscal-year cash-based expenses total $59,079.72, which represents 82% of the budget for the fiscal year and highlighted that key expense contributors are legal and professional services, representing

19% & 25% of the budget, respectively. Randy has created a proposed FY2027 budget for the board to adopt.

6. Proposed FY27 Operations Budget (cash-basis)
    a. Review & discussion of the proposed FY27 Operations Budget. Jaye asked whether this ties to the financial statements and Randy explained this budget is cash-basis and the other financials are accrual-basis so they won't match exactly. Randy prefers the cash-basis so he can see the actual dollars going in and out and feels it adds another way to keep an eye on the financials. Randy will update this with the last two months for the annual meeting. Jaye asked whether we could provide more prior years and Randy explained he only began tracking this way in fiscal year 2025 so there isn't more history. A proposed operations budget of $61,100 was proposed for FY27 based on trends seen from FY25 and FY26. A key uncertainty going forward will be the cost for legal fees associated with the Taylor/Tobias lawsuit. Motion made by Allison to adopt the fiscal year 2027 cash-based operations budget. Motion approved unanimously.
7. Water Operations Report
    a. Jeremy provided an update on water-use, which equals 6.51 gallons per minute. There is one rental property with leakage and Jeremy is working on getting in touch with the owners. That leak is registering on their meter so they will be paying for it and it's relatively small. Overall, tanks are looking good and we have plenty of water coming down the mountain. Jeremy reminded everyone that water should not be used for anything other than household usage and to conserve water where possible. A recommendation was made to send a notice to members about the importance of water conservation. There is an expectation of a dry summer with high fire risk. Water quality is great but new requirements from the state for PFAS testing every 6 months will increase our testing expense by about $1,700 per year going forward. That frequency of testing could be reduced by the state upon verification of safe levels within ou r water. Overall, the water is safe to drink, we have plenty of it and the system is running well. There are some past due accounts that Jeremy is in touch with. For the most delinquent account, promises for payment have been made 2 separate times with no follow-through; recommendation is to provide a door hanger/shut off notice with language requiring a cleared check (not check in mail) in order to restore service. A question was asked about the fire department use in December and Jeremy provided details about the limitations of our system to handle this kind of use. Randy reviewed the Water Use by

Month chart, pointing out that usage is down year over year due to repair of leaks. There is still one meter remaining to be installed and it's a rarely occupied residence so very low water usage. Jeremy has discussed it with the owner, Eric Castor, and he has no idea where the water line comes into the home due to multiple renovations.

8. Lawsuit Update

    a. Randy reported that there's not much new to report. There has been a delay due to the plaintiff's attorney dropping out and time is needed for their new legal counsel to get up to speed. Judicial settlement conference and trial dates that were scheduled for April & May and have been pushed to October 8, 2026 and November 18, 2026, respectively.

9. Storage Tank Installation

    a. Discussion about accelerating the install of a water tank that currently resides on Ray Miller's property. Original intent was to install 4 tanks using loan funds. Given the delay of the State loan funds due to the pending lawsuit the question is whether we should install that one tank now/soon using reserve funds. Jeremy is working to get "non-confirming use" approval from the county and is waiting for updated engineering plans and easement documentation. Jeremy expects approval within 2 months and has been working on getting cost estimates for the project. Randy provided a summary of key points: we currently have 3 tanks: 2 steel, 1 poly for a total capacity of 36,000 gallons. The tank stored on Ray Miller's property is 10,000. The older steel tanks will need to be inspected soon to determine when they'll need to be replaced. Prior inspection was in 2016 and Jeremy recalls that they were in good shape then and had 18-20 year of life left. Jeremy will review the prior reports to confirm. Inspection historically requires divers being in the tanks which creates contamination risk to the drinking water. The new company he uses does remote video & vacuuming which is lower risk than human divers. Pros to install the tank now: protection during fire season, additional storage reserve during dry periods, prevent risk of vandalism of the uninstalled tank, protect the system against risk due to failure of an existing tank. Prior estimate to install tank was $7-10K. Updated cost estimate is just under $19k for helicopter, permitting, site prep and Jeremy's time. Overall cost of 3 tanks will likely be higher when done separately vs. together. It's estimated we could have the tank currently on Miller,s property installed within 3 months, pending permit approval. Based on current usage, we have enough storage for 3.6 days, adding a tank would bring us to 4.6 days at normal use levels . Allison expressed

concerns about drawing down our reserves by $19k to gain only a day's worth of capacity and requests clarity on the estimated remaining life of the tanks. Jeremy shared that he could move forward with the county application so we can move more quickly when we're ready. Jayme shared concerns about the pending lawsuit and how a potential settlement could be paid. Once the permit is completed, we have a year to do the install before a new permit would be required. Jeremy considers the risk of catastrophic failure of an existing tank to be very low. Pat Buckly shared he'd be more comfortable during fire season with more water in the hose than money in the reserves. A motion was requested by Randy to authorize Jeremy to complete the permitting process for the installation of the new tank and the board will make a final decision once a permit is acquired. Lucas commented that it will be good to have more board members when the final decision is made. Lucas made the motion, Allison seconded. Jaye abstained and motion passed with approval from Lucas, Randy and Allison.

10. Insurance Status
    a. Jaye & Randy spoke with our insurance broker and identified what the gaps are in our current coverage. A major gap is insuring tanks, buildings and earthquake coverage. We need information from Jeremy on meters and facilities in order to get the policy updated and Randy requests that information as soon as possible.
11. Annual Meeting Planning
    a. Scheduled for August 22nd. Jaye contacted the Dodges and they agreed to host again. Jaye will take the lead on the planning of meeting and try and get Sam and maybe other non-board members to help.
12. New Business
    a. Request for Audit by Ray Miller. Randy doesn't see any irregularities that would warrant an audit but asked Jayme to get a cost estimate for an external audit. Jayme shared that none of the other water districts do audits and the CPA is working on providing a cost estimate and names of firms that do them. Randy asked for more information from Ray on the justification/need for an audit. Ray explained it's typical to hold an audit when there's a transition to ensure a clean starting point for the new President. The last audit was performed when Ray took over more than 20 years ago. Jayme suggested an internal review of the financials and perhaps a third-party opinion on how we could do things better. The board will wait for more information from Jayme before making a decision on this.

13. Old Business
    a. New Board Members
        i. Will be down to 4 board members when Lucas' term is up in August. Jayme recommends adding a call for new board members in the water conservation letter to members. If we don't get more board members, we won't be able to get as many things done on our work items list.
    b. Work Items for 2026/2027
        i. With a limited number of board members, our focus is on daily operations and will shelve this for now.
    c. Master Plan Update
        i. Nothing new to report at this time.
    d. Loan Status
        i. Loan is approved and on-hold pending the outcome of the lawsuit. The approval is good for 3 years so once we settle the lawsuit we can re-engage on the loan.

    Other discussion:

    a. Sue Ellen offered to help with newsletter creation but the board is going to defer this until we have more members to help.
    b. A board working session was scheduled for July 8th @ 4PM, in addition to the existing August 12th annual planning session.

14. Adjournment: 8:43PM