

**New Avenue Mutual Water Company
Minutes of the Board of Director's Meeting
Held at the residence of Jim Armstrong
December 19, 2013**

Board Member	In Attendance?	Office #	Best #	Home/email #
Jim Armstrong	Yes		408-202-3509	armstron@repteam.com
Dave Biasotti	No		408-309-1726	408-848-5717 dbiasotti@verizon.net
Tim Burke	Yes	408-924-7555	408-848-2022	408-310-9703 timandrose@earthlink.net
Joe Cardinali	No	408-847-6394	408-832-8902	408-847-6394 jmcardinali@gmail.com
Mike DiPietro	Yes	408-391-5094	408-391-5094	408-842-4499 mikedipietro@aol.com
Alan Heinzen	Yes		404-422-1548	408-848-2116 alan@heinzen.com
Jae Schwartz	Yes		408-892-2887	408-847-4919 jae1@aol.com

The meeting was called to order at 7:02 p.m. by the president, Mike DiPietro.

1. Well 3 updates: PG&E / R.Hurby contract deadline, Water tests

- a. Waiting for Land Division to approve the mark-ups to the easement agreement.
- b. Ronda Hurby working with an attorney, Christian Claytor on language changes to easement contract.

Email Exchange/ Board discussion and response:

From: dcc@claytorlawgroup.com To: MikeDiPietro@aol.com CC: rondahruby@yahoo.com
Sent: 12/5/2013 9:58:41 A.M. Pacific Standard Time
Subj: 10266 Duke Dr, Gilroy

Hi Mike, In addition to Ronda's remarks below, I would add:

♦ PG&E should assume responsibility for recording costs and transfer taxes (if any).

Board: water company to pay applicable and required fees. We will not pay shareholders' legal fees.

♦ The PG&E indemnification paragraph should include a defense undertaking "Grantee agrees to indemnify and defend..."

Board: This is standard contract language. We are working with PGE's Land Division on this.

Board thinks new language is unnecessary.

From: Dave Biasotti

The last request was adding in the sentence about implied warranty and fitness for use. I have asked David at PG&E in same msg this morning about adding it in, but think is unnecessary since is just an easement, an empty piece of land, not a machine or some functioning item. . . I wanted to speak to the attorney about as well as the fact this is the same easement for the water company that has already "demonstrated fitness for its intended use" as mentioned above.

♦ The grantee disclaimer of representations and warranties as to the fitness or suitability of the easement rights should be included.

Board: NAMWCo has a 38-year history of maintaining the fitness/suitability of easement rights.

Christian 2000 Crow Canyon Place, Suite 270 San Ramon, CA 94583

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dcc@claytorlawgroup.com www.claytorlawgroup.com

From: Ronda Hruby [<mailto:rondahruby@yahoo.com>] Sent: Thursday, December 05, 2013 9:08 AM

To: MikeDiPietro@aol.com Cc: Christian Claytor

Subject: Re: Fwd: FW: 10266 Duke Dr, Gilroy

Mike

My concerns are NOT addressed in this document.

♦ I want to have the opportunity to install a fence along the property line between us and the Weises (sic) in the future.

♦ I want to have the opportunity add a connecting road to the existing well easement road in the future. (I have no plans to do either right now, but these possibilities must not be eliminated by the easement document).

Board: Non-permanent structures can be placed over described easements.

♦ Who is covering the legal expenses including mine for these transactions?

Board: water company would pay taxes and fees. Company will not pay personal legal fees.

Christian will reply back to both of us with additional legal issues from the updated document. Ronda Hruby

- c. ITCC TAX: (12/04/13) from Michele Gall (MMGa@pge.com):

ITCC tax is scheduled to increase to 34% January 1, 2014...contract price is only valid thru 12/31/13...

- d. [From the Internet:](#) *The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312, the Tax Relief Act) temporarily extended the Federal Depreciation Provisions of the Internal Revenue Code (IRC) which reduced the tax factor used to compute the "Income Tax Component of Contribution" (ITCC) associated with Contributions in Aid of Construction.*

Board Discussion:

1. What is the monetary cost (to the water company) of the 34% increase?
2. Will PGE take \$5,000 to secure the contract prior to the January 1 deadline?
3. Mike to try to get R. H. to sign agreement before deadline.

e. **Water tests Well 3:** Waiting for results from Peter Forest.

2. Financial Report From Balance Sheet and P&L dated 11/30/13: Jim Armstrong

- a. Chase Checking \$ 47,133.61
Chase MM 245,463.91
Capital One 392.00
- b. **Cross-connection Survey sent by Helen Penn to all shareholders are still coming in.** Jim to tabulate.
- c. **Discussion of "Fixed-Assets" on Balance Sheet:**
"Transfer Pump": Does this refer to Well 2?
"Well 3" is this the total cost to date? What is the estimated final cost?
Should the street valves be expensed?

3. Maintenance: Alan Heinzen/Jim Armstrong

- a. **Review of S. Keen's report dated 11/30/2013:**
Well 1: pumps 137-14 1gal/min; pump capacity is dropping. Possible lower water table or clogged pump.
Action item: pull and clean/inspect submersible pump at Well 1. Chappell can do.
Chlorine injectors replaced.
Well 2: 185-194 gal/min.
81.2% of the water sold.
- b. **Camacho meter:** still reads "0". Broken meter?
- c. **Schwartz residence:** Chlorine smell in the water along upper Bridle Path Dr. Ask Steve to check.
- d. **Val Court water leak:** Re-patched by Robinson & Moretti November 16 (original break Oct.2013).
- e. **Upper Butch Drive road movement:** Robinson/Moretti not responding. Estimate from Trincherro.
- f. **Backflow device on Duke Drive:** Alan to check. **Discussion with S.Keen-have homeowner replace.**
- g. Discussion of gate and fencing at Dufer residence and well three.

4. Secretary Report/Water Quality: Tim Burke

- a. **New contract with CM Analytical:** new sample sites (Verble, Heinzen, Kraemer) within three zones.
- b. **Samples for asbestos have not been done.** **Conversation with Keen: samples taken in January.**
- c. **Need an action-item checklist for the Department of Public Health.**
- d. **Jae Schwartz completed 2-hours of Water School. (AB54).**
Produced a certificate and discussed the process with the board.

5. New Business:

- a. **Solar:** no information available.
- b. **Web site:** Joe still investigating.
- c. **Drought**
- d. **AB 54**

6. Action Items

Date	Who	Action	Status
6/08/09 to 6/20/13	Dave	New and approved By-laws to be recorded	Approved. Investigate the process.
On-going	Jim/ Alan	Hydrant replacement/upgrade. Hydrant barriers. Upgrade non-shutoff valve hydrants.	Annual maintenance. Goal: 2 /year.
6/20/13	ALL	California Department of Public Health compliance letter. Cross connection survey to be sent to Shareholders.	Finances Done . Mike to draft letter. Letter to shareholders. Mike to request extension. CPA analysis in 2008 Done . Three zones. Discuss with Keen and Forest/screens, sample bibs/hatches asbestos. Paint tanks. Cross Connection Survey w/ November bills. Increase water tests/add asbestos.
11/21/13	Board	Third Well Deadline 12/31	25K expenditure to Dufur. Done Need easement agreements finalized_ R. Hurby has not signed, by has agreed. Need new costs from PGE. Water tests and application to CDPH in progress .
10/17/13	All	Review S. Keen's contract. Have maintenance check for leaks during inspections.	In progress. Andy retires.
11/21/13	Maint	Sedigh meter (10440 Duke). Carrera repaired, then replaced. Zero usage	Jim to estimate water cost/meter cost and send letter to homeowner.
11/21/13	All	AB54 Training: Request for web site address and dates of the two-hour training session.	
11/21/13	Chappell	Pull and clean/inspect submersible pump at Well 1.	When Well 3 completed

7. Parking Lot Items

Date	Who	Action	Status
On-going	Maint	Rent emergency generators to power the well pumps and/or booster pumps. Rewire panels to allow for quick connect.	New well will have appropriate generator connection.
On-going 12/11/08 11/05/09	Alan	Preliminary cost estimate for the installation of 100K tank. See 11/15/07 minutes	Discuss with Peter F. Feasibility, cost, engineering, and permits. Board discussed smaller tanks in increments.
On-going 3/04/10		Investigate the Great Oaks vs. SCVWD lawsuit.	Ongoing
11/21/10	maint	Pipe corrosion from chlorine injectors. Excess Cl2 in system?	Discuss with S. Keen.

8. Next Meeting

The next meeting is scheduled for January 23, 2014.
To be held at the residence of Dave Biasotti

9. Adjournment:

The President, Mike DiPietro, adjourned the meeting at 8:38 pm.

Minutes respectfully submitted by:

Timothy Burke
Secretary, Board of Directors
New Avenue Mutual Water Company