

**Bailey Mutual Water Company
Annual Shareholders Meeting
Weisgerber Residence 33520 Bailey Meadow Road
September 1, 2025 - 1:00pm**

Meeting Minutes - Distribution

Present:

Amanda Freeman	Laurie Gerber	Shane Kochon
Deana Freeman	Laura Lorentzen	Sharon Dall
Henry Castillo	Noreen Kirby	Tim Borden
Jack Weisgerber	Sam Borden	Vickie Swenson

1. Establish Quorum: 27 of 44 shares represented in person or by proxy.

2. Review/Approve 2024 Shareholders Meeting Minutes

a. Laura moved to accept. Jack second. All voted in favor.

3. Updates

- Updates on Operations - Henry Castillo, Operations Manager

Activities over the past year: Saturday work parties; Cleanup loose wood by pump house; Replaced failing water meter in manifold shed.

Overall no leaks

The system has been transferred from County to State oversight. Increased complexity of state process. Changed testing locations. (Water used to be sampled from steel storage tank. Now sampling rotates between 4 service connections around the system.)

We want to replace lateral lines which are largely galvanized pipe. Cross connection with resort: Their system is permitted for agricultural use. We have to come up with safe cross connection solution. The resort is also applying for a state permit. Does the resort want to stay independent? Looking at our capacity to supply the number of connections they have now.

Thanks to Marc Sproul for keeping the pumps going every day.

Discussion:

Laura: With the increased oversight with the State and the new mandated requirements this will require, there will need to be a lot more on-the-ground oversight and there will be expenses associated with the state requirements and with resuming operations with the resort which the board is looking at now. We're trying to be objective and see how best to work with the resort if it is allowed and fits with the states requirements. We are going to analyze what it could look like working with the resort, as there will be a need to outsource more work, and the resort suggested they would be able to help us. Trying to figure out the best path with the resort. Open to what will serve all of us best.

They own shares for two cabins plus 3 shares associated with the lodge. Bunkhouse is still connected to our water system. Tower house and lodge are not using our water (valves are off but the pipes are still in place.)

Jack suggested that we could supply them via a line to their reservoir (water storage tanks) rather than trying to run our pipes to all of their service connections.

Vickie - seems like an overwhelming and discouraging burden from the state for no benefit.

Deana - grateful for additional oversight. State is not there to go after us, they are there to help us transition to stable operations.

Vickie - Wary of consequences. We used to have school on the mountain. The new school off-mountain seemed like a good thing, but it resulted in local school closure. People stopped living on the mountain full time.

Laura - We must be prepared that all this will cost more. Not raising share fees unnecessarily. Will discuss volunteer positions at the end. If no one steps up we will have to outsource.

Operations report approved

- Updates - Financial report and new collections policy - Shane Kochon, Treasurer

Financial Report

Last two fiscal years report handed out to attendees with the recently completed fiscal year (July 2024-June 2025) and the prior year for comparison. For July 2024-June 2025 (selected numbers):

Total income \$23,075

Total expenses \$14,718.24

Net income for 2024-2025 \$8,356.76

Cash reserve \$70,416.72

We are billing \$32-\$33K/year in water fees but some people are not paying. Actual revenue is about \$10K less because of unpaid fees.

After obligatory expenses (electricity, taxes, accountant, insurance, contract operator and maintenance) our net income is \$8-\$10K (looking at both years)

Hoping we can avoid raising rates. Have to be efficient. See how we actually spend money. Keep \$25K emergency reserve. Figure out timeline for activities.

System priorities - board priority was to repipe vs state priority to upgrade tanks. If we can get collections up we can afford to do more. Must budget for each project.

Financial report accepted.

New collections policy

For accounts in arrears at least 1 year we will give 20 days notice and then file a lien on the property with the county recorder's office. This will force payment at the sale of the property. Now \$10K in arrears. We are making sure we are doing this in accordance with state law.

- Updates - State Water system application - New procedures/requirements - Laurie Gerber, Secretary

Our water is currently not permitted, the status is “pending” while we work on our State Public Water System permit with the San Diego office of the State Water Resources Control Board. When we were transferred from County to State oversight we were required to apply as though we are a new water system.

Several changes to how we will run the system and interact with Shareholders as a State Public Water System

- Annual Operations report will become the “Consumer Confidence Report”
- Board meetings will be open to Shareholders. Meetings will be Quarterly with agenda announced in advance.
- We will establish a customer complaint procedure
- Laws requiring drought preparedness: We will need to identify a second water source (by 2027) and add meters to each service connections (by 2031)
- Establish a Cross connection control program (cross connections are places where stagnant/non-potable water could get into our system from fire water tanks, or other places. The state's main concern is our connection to the resort because their water system is not permitted for drinking water.)
- Address citations - replace concrete water tanks and steel tank overflow

Discussion:

Vickie suggests listing volunteer openings on the website. Let people claim particular jobs. (volunteer opportunities discussed below under item 6).

Jack - Amid the discussion of the deficiencies of the water company, he wants to compliment the board on the progress they are making.

4. Officer Elections - Laura Lorentzen, President

Board will continue as is. Laura Lorentzen - president; Robert Lopez VP; Henry Castillo - operations; Shane Kochon - treasurer; Laurie Gerber - secretary

5. In memoriam for longtime resident Jennifer Willis - Rosie and Jack

Jennifer Willis moved up to Palomar in the 1970s with her daughter Darcy. Jennifer remarried and had daughter Robin. Passed in June 2025. She was always very involved in the community. She was the postmaster for many years. She acted in the movie Crater Lake Monster (1977 movie). She played a bystander who renders care to a victim of the monster.

6. **Solicitation for volunteers** for projects related to state public system status, operations, website/communications - **Laurie**

Tasks for volunteers - Volunteers at meeting in bold

Cross Connection Control Coordinator - **Jack**

Complaints procedures - **Rosie**

Training plan and monitor

Policies and Procedures

- Procedure and system for documenting system work - **Noreen Kirby**

Tank replacements - at Swenson

Tank replacement - Cold Springs Trail

Overflow replacement on Steel tank

Other system documentation: Laura may have older board files we can scan and consolidate

Henry has documentation of past work to include.

7. **Adjournment** 2:16 Rosie moved to adjourn the meeting. Meeting adjourned.

Actions from meeting:

1. **Post minutes and financial report on website**
2. **Follow up with volunteers to assist getting started**