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**BELLFLOWER-SOMERSET MUTUAL WATER COMPANY
MINUTES OF REGULAR MEETING OF THE BOARD DIRECTORS**

May 17, 2021

4:30 P.M.

Location: Company Office

ROLL CALL OF BOARD OF DIRECTORS

Eric Ikeda

Leo Struiksmā

Robert Wilson

Rick Cook

Cheryl Harris

OTHERS PRESENT

Steve Lenton, General Manager

Mikayla Coleman, social media

Tom Coleman, consultant

Ian Berg

Via Uber Meetings:

Wesley Whitehead, shareholder

Shawn

1. Call to Order:

President Cook called to order a regular meeting of the Board of Directors at 4:37 p.m. at the company office located 10016 Flower St, Bellflower, CA

2. Additions to the Agenda: NONE

3. Approve the Minutes of the Board Meeting held April 19, 2021. A motion was made by Director Ikeda, seconded by Director Struiksmā and carried to approve the minutes of the April 19, 2021 Board Meeting. The minutes were unanimously approved by the board.

4. Approve Payment of Bills

A Motion was made by Director Struiksmā, seconded by Director Ikeda to approve the payment of the bills as presented. The motion was unanimously carried by the full board.

5. Public Comment: Mr. Whitehead asked if the companies IT was up to date on protection from cyber-attack. Mr. Lenton replied we are as protected as could be, however threats change on a regular basis.

He also asked if the purchase of land for the new office would call for an increase in rates. Rick Cook explained that the budget has included the cost of property for the past two years, and includes it going forward.

6. Discussion/Action Items:

- A. Ian from I Eide Bailly presented to the Board the Draft Budget for FY21-22, After discussion a motion was made by President Cook to approve the Budget for FY 21-22. The motion was seconded by Director Struiksma and passed unanimously.
- B. Mr. Coleman presented to the Board that the rate study has been completed and no rate increase is scheduled for this January. The recommendation was presented to the Board to increase the rates by 2% across the board to include water rates and water usage to keep in line with inflation, until a rate study is completed in FY21-22. A motion was made by Director Harris and seconded by Director Ikeda and passed unanimously.
- C. Mr. Coleman presented to the Board the current reserve policy is set at 5 Million. The possibly of funding needed in the event of future issues, both emergencies and treatment, may require more reserve fund. The Board sent this to the finance committee for further evaluation.
- D. President Cook and Mr. Coleman presented to the Board that the company reserves is not being invested at this time. Two options presented by Bank of the West were presented to the board after review from the finance committee. The Board sent this back to the finance committee for further review. The Board instructed staff to invest in a short-term CD while the finance committee looks into the matter.
- E. Mr. Lenton presented to the Board that the HOA at the Hayford track was going to remove and replace all asphalt in their complex. Mr. Lenton explained that since we have about 3-4 service leaks a year I the complex that this would be moved to the FY21-22 CIP budget which would save the company repaving cost if done before their replacement. No action was required by the board.

7. Project updates:

- A) Courthouse Pipeline: No update
- B) Leahy Well: Mr. Lenton informed the Board that Dirt work is being done at the Leahy well site. Next week piping and forming would begin.

8. Reports

- A. Legislative: Mr. Coleman provided the board with an update on the State Senate and Governor's proposed Drought Relief Packages. Both proposed Packages include one (1) billion dollars to water utilities toward offsetting losses for customer arrearages in unpaid water utility bills.
- B. Finance/ Customer Service: No report.
- C. Water Quality: Mr. Lenton informed the Board that all sampling is up to date.
- D. Public Water Agency Group: Mr. Coleman shared with the board that Mr. Mark Young had withdrawn himself from the offer of employment as the next Emergency Response Coordinator (EPC) for PWAG. This was due to unforeseen health challenges that

occurred since the offer of employment was made to Mr. Young. Mr. Mike Holmes will continue as the EPC on a part time basis for the next two months or until his replacement is found.

- E. Maintenance – Safety: Mr. Lenton informed the Board that safety training is current and up to date.
 - F. Public Relations: Mr. Shawn Harkness of CV Strategies provided the board with an update on the status of the company’s new website and the upcoming 110 Anniversary Celebration event on July 1, 2021.
9. Committee reports:
- A. Personnel Committee: No report
 - B. Finance Committee: No report
 - C. Real Estate: No report
 - D. General Managers Comments: No report

Executive Session: (Operations, Personnel, real estate, legal matters)

Executive Session Report: The board was provided a comprehensive report from the Personnel Committee and staff concerning the rising costs of goods and services in the Los Angeles area. The report was based upon data obtained from the U.S. Bureau of Labor and Statistics for the Los Angeles-Long Beach-Anaheim areas. After much discussion it was moved by Director Harris and seconded by Director Wilson to provide all Company personnel with a 3 percent cost of living increase effective July 1, 2021. This motion was carried unanimously by the board.

In addition, the Personnel Committee also briefed the board on their findings concerning medical benefits for Directors, Board Members and City Council Members, of special water districts, neighboring mutual water companies and cities that own water systems. Their findings determined that most surrounding water agencies governing boards are provided health benefits as part of their compensation as members of the governing bodies. Based upon this information and in an effort to keep the BSMWC board member benefits inline with surrounding agencies. It was moved by Director Harris and Seconded by Director Wilson that effective July 1, 2021 that board members receive the same health benefits as the employees of BSMWC. This motion was carried unanimously by the board.

Adjournment:

The President asked if there was any further business to come before the Board of Directors, there being none, a motion was made by Director Wilson, and carried to adjourn the meeting at 6:34 PM.

Rick Cook
Board President

ATTEST:

Eric Ikeda, Secretary