

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD April 17, 2017

Directors Present: Charles Mathews, Brad Smith, Chuck Bandy, Son Do and Laura Kariya

Also Present: Shareholders Tom Cerruti, Jim Cipriano, GM of PVCC Paul Devine and Superintendent Doug Rudolph; Steve Anderson of Best Best and Krieger; Jeff Pape of Dudek; Administrator Mindy Houser and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 2:00 p.m. by President Mathews.
2. **Shareholder Comments:** Shareholder Cerruti asked that Agenda Items 6.C and 6.D be discussed prior to Closed Session as he has a meeting to attend later this afternoon. Mathews made a motion to amend the agenda and move Closed Session Items 4 and 5 to follow Item 8 as on the published agenda. Motion was seconded by Kariya and, upon vote, unanimously approved.
3. **Approval of Previous Minutes:**
 - A. March 20, 2017 meeting: Upon a motion by Smith, seconded by Bandy and unanimous vote, the minutes of both the meeting held March 20, 2017 and special meeting held on March 31, 2017 were adopted as written.
 - B. March 31, 2017 special meeting: Included in previous item.
6. **Administrative Report:**
 - A. March water sales: Houser reported that 25,350 units were billed in March, a slight increase from previous month. Import water purchase was limited to 1640 units.
 - B. YTD graphs: Houser presented YTD graphs.
 - C. By-law III.4 amendment: Houser presented staff recommended amendment to Election and Term of Office section as previously discussed. Cerruti asked that this item be tabled to allow him time to review the changes and discuss with other shareholders and requested a copy of the draft. Upon agreement from the board members, Mathews deferred this item for 30 days.
 - D. PVCC request for roll-over: Houser reported that PVCC staff has requested to roll-over unused allocation. Pape explained that this will not be possible during peak times as capacity constraints of 650 gpm for import water are in place. Mathews motioned to ~~allow~~ authorize PVCC to ~~use~~ roll forward up to 30% of ~~one~~ any month's unused allocation within two months of original allocation, with a begin date ~~beginning~~ in of March 2017; motion was seconded by Smith and unanimously approved. Counsel interjected to confirm that this is, in fact, an ad-hoc decision.
 - E. AT&T circuitry connection to TY: Houser explained that staff has been working diligently with AT&T to troubleshoot the telemetry lines that controls the well operation for the TY tank. Recently Houser was notified that no water was received for 6 days. Houser explained the issue, reported that TY never ran out of water in their tank and told TY to have their staff notify RPMWC sooner in the event this happens again. Troubleshooting revealed that the problem initiated on the panel

recently installed by TY staff; RPM staff was able to get the tank connected to SCADA which will eliminate the need for telemetry lines in the future.

Mathews informed PVCC staff present that a TY Nursery consultant was making defamatory statements about RPMWC; these statements were emailed to PVCC board members and are simply not true. PVCC staff was asked to relay the facts to their board.

7. Financial Report

A. BS, P&L as of 3/31/17: Watkins presented the financial report which reflects Cash Assets totaling \$522,435; Accounts Receivable of \$81,828; and, Accounts Payable of \$134,496. Watkins noted that PVCSD has paid \$11,130 which covered the two previous months. Mathews stated that Income Tax should be provided for on a period basis and not charged as an expense at the time it is paid. Bandy asked if Well 43 drilling has been paid in full; Houser confirmed it has been. A motion was made by Bandy, seconded by Smith and unanimously approved to adopt the financials as presented, pending the change requested herein.

B. Account receivables: Watkins reported that one meter has been locked off and a lien has been recorded with the County for non-payment. Watkins also reported one account is scheduled for disconnect if payment is not received this week. Mathews noted that finance charges are applied 30 days after invoice date which is equivalent to the third month of water service.

8. Operations & Maintenance Report

A. SCADA review: Pape presented collected data. Pape informed that January static levels show a slight increase due to the rainy season, but it is unclear what will happen once shareholders begin increasing usage. Well 43 equipment transfer is complete but the motor will not run; Pape suggested that the wiring may be the wrong size; further troubleshooting is still required by the Vendor and will be accelerated.

B. New well development: Pape reported that roughly \$75,000 is needed to equipment new Well 42. Title 22 testing has been completed and all constituents passed except for Bac-T which was to be expected. Pape is working with the State Water Resources Control Board to begin the process of approving Well 42 for potable status.

C. Delivery limitations / peak times: This item was discussed earlier in this meeting.

Shareholder Cipriano took a moment to suggest that the board write a letter to the PVCC board regarding the false claims from TY Nursery's consultant; Mathews explained that an email has already been sent.

4. Closed Session:

A. Conference with Legal Counsel: Entered into closed session at 3:14 p.m. to discuss potential litigation and a third party agreement.

5. Open Session:

A. Reportable Action: Resumed open session at 4:07 p.m. Counsel and staff were given instruction on what actions to take.

9. Other Business:

Pape reported that Well 39 needs to be rehabbed; due to the cement saucer surrounding the well, a crane is needed to complete the work; a bid has been provided for \$19,120 from Fain. Mathews moved to authorize the repair with a second by Smith and unanimous vote.

A. SGMA updates: Thursday is the next scheduled meeting to finalize the MOU. RPMWC is of the opinion that signatories should have a stronger voice at the table, while still allowing others to be heard. It is not completely understood why those not wanting to sign the MOU due to liability will still have a 'same strength' voice on the Executive Team.

B. CSD/RPM MOU: Mathews reported that PVCSD has requested limited indemnity for the SGMA MOU. Upon review of the MOU, Smith motioned to authorize Mathews to execute the draft document; seconded by Bandy and unanimous approval. Mathews executed the document; Houser will present to PVCSD next week for its approval signature.

Mathews noted there is no mention on the steel storage facility on the agenda. Houser stated the concrete foundation should begin this next week and building is expected to be completed by June 15th. Mathews reminded staff that a resolution for CEQA exemption needs to be executed.

Due to a conflict of scheduling, Mathews asked that the next meeting date be set at this time. The next regular meeting date was set for May 22, 2017 at 2 p.m. Kariya indicated she may not be in attendance due to a conflict; Kariya will verify her schedule and notify Houser. Mathews then exited the meeting at 4:24 p.m. and appointed Smith to Chair the remainder of the meeting.

9. **Basin Modeling:** Do presented his research for basin modeling and feels it is an important tool for the RPMWC to possess. Many options are available to create the model. Bandy explained that this could be a vital tool for future allocation budgets and drilling depths. Currently, Do estimates the costs to be between \$50,000 and \$100,000. Smith explained that at this time there are many costs coming up in the near future with the renovation of the reservoirs and the possibilities that new wells may need to be developed. Do was asked to obtain proposals from the parties he feels most qualified to perform the modeling and present to the board for further discussion.
10. **Adjournment:** With the next meeting date set and no further business to discuss, a motion to adjourn was made by Kariya, seconded by Bandy and unanimously carried at 4:55 p.m.

Amber Watkins

Amber Watkins, Recording Secretary