

RANCHO PAUMA MUTUAL WATER COMPANY
REGULAR MEETING OF THE BOARD OF DIRECTORS
March 20, 2017

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

Also Present: Shareholders Tom Cerruti, Jim Cipriano, President of PVCC David Mudgett, Carmen Renteria on behalf of TY Nursey; Bobby Graziano of Rancho Estates Mutual Water Company; Steve Anderson of Best Best and Kreiger; 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:** None

3. **Approval of Previous Minutes:**

A. February 13th Annual meeting: Mathews suggested that the meeting title be edited to reflect 'Shareholders' rather than Board of Directors. Upon a motion by Smith, seconded by Bandy and unanimously voted, the minutes of both the Annual meeting and Organizational meeting held on February 13, 2017 were adopted as written, pending the one change requested herein.

B. February 13th Organizational meeting: Included in previous item.

4. **Water Agreement- TY Nursery/ PVCC:** Mathews took a moment to inform that, on the advice of legal counsel, this agreement will be discussed during Closed Session and allowed for some clarification. Mudgett explained that this agreement, for no less than 10 acre feet per month, will be in addition to the allocated water from RPMWC and used to improve the conditions of the golf course.

Mudgett also reported that TY Nursery has asked the PVCC board for an easement on PVCC land running parallel to Hwy. 76 and has already received approval from Yuima MWD to encroach on its existing easement. Houser and Pape were told this easement request was a separate issue from the PVCC request to import water from TY Nursery. Houser explained that staff was informed by TY Nursery of this easement request but was told that TY Nursery was not yet ready to present to this board, per their request. This agreement will allow TY Nursery to extend their line and move water from its Yard 8 to Yard 2 which lies within the water company boundaries; again Mudgett stated there is no linkage between the two deals. Bandy supports moving water throughout the valley, as long as a surplus is present.

With Mudgett indicating that the agreement provided to this board was still to be amended, Smith noted that a final proposal is needed in order for RPMWC to take a stance. A clear indication of the advantage to the community and PVCC, as well as the possibility of a supplemental agreement will be discussed with counsel this afternoon.

5. **Term Lengths for Directors:** Per legal, RPMWC operates under California Corp Code 301.9 which states that directors can serve for terms of one year or four years. Mathews offered to meet with any interested party to discuss more in detail if needed.

Cerruti would like the by-laws changed to allow for Shareholders to have no time limit if a Special Meeting is needed for an election. Legal will review and report back at the next meeting.

6. Administrative Report:

A. Feb water sales: Houser reported that 10,176 units were billed in February, with minimal import water purchased.

B. YTD graphs: Houser presented YTD graphs noting that acre feet total from January to February went from 9 to 25.

C. Large Reservoir survey report: Houser reported the diver's report indicates that the tank will need to be recoated in 3-4 years. Pape provided a very rough estimate for the work to cost \$300,000- \$350,000 and take 4-5 months to complete. Pape stated once work is complete the epoxy coat should last between 10 and 12 years. Mathews suggested that the subcommittee of Directors Do and Smith take the lead on this and suggested that funds be designated and segregated to pay for this project.

D. Storage facility construction: Houser will present to the PVCSD board at its next meeting a cost analysis to justify the participation of PVCSD financially.

Cerruti asked that legal clarify the operating code once more and noted that the by-laws mention nonprofit. Legal to review.

E. Investments: Item was not discussed.

7. Financial Report

A. BS, P&L as of 2/28/17: Watkins presented the financial report which reflects Cash Assets totaling \$540,205; Accounts Receivable of \$62,664; and Accounts Payable of \$96,919. Watkins noted that 5 wells had Title 22 testing performed which costs \$10,586. A motion was made by Kariya, seconded by Bandy and unanimously approved to adopt the financials as presented.

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.

8. Operations & Maintenance Report

A. SCADA review: Pape presented the static levels of five wells, comparing levels from 2015/16 with current data. Pape informed that Well 43 is days away from coming online. Pape noted that Well 14 has Nitrate results of 8.8 which are high. He reminded that 10.0 is the maximum before a blending plan is required.

B. New well development: This item was not discussed.

C. Delivery limitations / peak times: This item was not discussed.

D. Basin Modeling: Mathews asked that Smith and Do, under the subcommittee, discuss basin recovery. Do informed that he has contacted SDSU regarding the basin modeling and feels working with SDSU will save money, give us access to the most advanced technology and they are local. Smith feels this is worth looking into; Mathews asked that Do report back at the next meeting.

9. Other Business:

A. SGMA updates: Mathews reported that PVCSD along with 2 other agencies will maintain their GSA status filing and become the enforcer of the GSP within their boundaries. Many unknowns are still lingering.

B. CSD/RPM Workable MOU: Mathews reported that President Nolan of PVCSD has requested an indemnity agreement for CSD/RPM. Mathews noted that both agencies have operated under trust and that we will draft a mirror image of their MOU. Mathews informed that Steve Anderson is drafting the MOU and that Rutan and Tucker is no longer representing RPMWC.

Cerruti asked that the next meeting date be set before Closed Session; it was set for April 17, 2017 at 2:00 p.m.

10. Closed Session:

A. Conference with Legal Counsel: Entered into closed session at 3:45 p.m.

11. Open Session:

A. Reportable Actions: Instruction was given to counsel and staff about supply of water in district.

12. Adjournment:

A. Next Regular meeting date: Discussed earlier in this meeting. With no further business to discuss, a motion to adjourn was made by Smith, seconded by Kariya and unanimously carried at 4:58 p.m.

Amber Watkins

Amber Watkins, Recording Secretary