

RANCHO PAUMA MUTUAL WATER COMPANY ("Company" or "RPMWC")
ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS
February 13, 2017

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

Also Present: Shareholders Tom Cerruti, Jim Cipriano, and Todd Nicol; 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 held in the Company board room and called to order at 2:46 p.m. by President Mathews.

2. **Public Comments:** None

3. **Election of Officers:**

A. Upon a motion, second and unanimous vote, the following persons shall stand in noted positions until the earliest to occur of their death, resignation or removal, or the election of their successor:

President/ Treasurer	Charles Mathews	Director	Chuck Bandy
Vice President	Bradley Smith	Director	Son Do
Secretary	Laurie Kariya	Assistant Sec. /Treas.	Mindy Houser

Cerruti voiced his opinion that one person should not be appointed for two different officer positions. Bandy suggested that an Administrative/Financial and an Engineering/Operations committee be formed; to be discussed at a future meeting.

4. **Approval of Previous Minutes:**

A. January 23, 2017 meeting: Smith asked that item 4B be changed from 'should' to 'could' regarding overuse. Upon a motion by Kariya, seconded by Bandy and unanimous vote, the minutes of the Regular meeting held on January 23, 2017 were adopted pending the requested change.

Mathews inquired on the clay valve proposal mentioned in these minutes; Pape reported that Yuima has put RPMWC on notice that during peak times they may not be able to deliver the desired amount of water needed so at this time they need to find capacity before we can proceed. Mathews asked if staff researched Smith's idea for secondary meters for gross over-users; Houser reported that this is not a feasible idea as it is very difficult to determine who will cover all the associated costs for these meters, Smith agrees. Houser also reported that the valve maintenance report has not been provided by the vendor as of yet, despite numerous attempts to obtain. Mathews inquired on the diver's report for the reservoir tanks; Houser explained that the report will be available at the next meeting as they begin work this next week. Houser noted that T-Y Nursery adjusted their allocation factor back to the RPMWC suggested amounts for the remainder of the year which should help decrease demand during summer.

5. **Administrative Report:**

A. January water sales: Houser reported there was extremely low usage with minimal shareholders in Tier III. Do volunteered to help shareholders figure out solutions to stay out of the higher tiers and asked staff to make shareholders aware of that. Houser noted that no import water was purchased.

B. Financial Statement as of 1/31/17: Watkins presented the financial report which reflects Cash Assets totaling \$656,495 and Accounts Receivable of \$62,185. Watkins noted that PVCSD has been paid and water testing costs are high due to Title 22 testing for 5 potable wells. Smith motioned to adopt the financial statement as presented, seconded by Bandy and unanimously adopted.

C. Discussion on directors' term lengths: Cerruti feels that 4-year terms are too long for directors to serve, that it doesn't allow for a faster correction of bad governance, and stated that he has spoken with half the shareholders who concur with him. After some discussion, Anderson noted that 4-year terms are the normal time and statute for water agencies. Cerruti again expressed his determination that the shares he represents and those of other shareholders will not settle for the 4-year term and demanded the board amend the by-laws to allow for no longer than 2-year terms and proposed that the present directors should resign from their current terms and be reappointed to shorter terms.. Mathews directed staff to discuss with legal in more detail and present at the next board meeting.

6. Operations & Maintenance Report

A. Progress on two new wells continues with full report to be provided at next meeting

B. Well levels: Pape informed that well levels are still at historical lows even with 10 feet of recovery. Do asked about the thickness of the Tully mud layer as it effects the recharge process. Pape will meet separately with Do to discuss in further detail. Pape noted that there has been no increase in bacteria as the reservoir tanks are turned over to avoid staleness.

7. Other Business:

A. SGMA updates: Mathews explained the SGMA process up to this point to newly elected director Do and then stated the negotiations on the MOU with the County are still ongoing.

B. Legal Counsel change: Rutan and Tucker as been conflicted out and is no longer representing RPMWC as of today. Steve Anderson of Best Best and Kreiger, specializing in water law, has been interviewed and provided price matching on his hourly rate. Bandy motioned to authorize the change; motion was seconded by Kariya and unanimously approved. Mathews executed the Engagement Letter and a Conflict Waiver with Valley Center Municipal Water District.

8. Adjournment:

A. Next Regular meeting date: The next meeting date was set for March 20, 2017 at 2 p.m. With no further business to discuss, a motion to adjourn was made by Smith, seconded by Kariya and unanimously carried at 4:20 p.m.

Amber Watkins

Amber Watkins, Recording Secretary