

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD June 19, 2017

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

Also Present: Shareholders Jim Cipriano and Paul Devine GM of PVCC; Bobby Graziano of Rancho Estates Mutual Water Company; Roland Simpson of Yuima Municipal Water District; Jeff Pape of Dudek; Administrator Mindy Houser and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 2:03 p.m. by President Mathews.
2. **Shareholder Comments:** Devine inquired on a letter of complaint received from Shareholder and PVCC Member James Mazzo; Houser acknowledged receipt of the letter and is looking into the complaint.
3. **Approval of Previous Minutes:**
 - A. May 15, 2017 meeting: Reviewed, no comments to report.
 - B. May 24, 2017 Special meeting: Reviewed, no comments to report.
 - C. May 26, 2017 Emergency meeting: Upon a motion by Kariya, second by Bandy and unanimous vote, the minutes of the meetings held May 15, 24, and May 26, 2017 were adopted as presented.
4. **Subsequent Actions:**
 - A. Consistent over-allocation users (5.6A): Houser presented a flyer that will be distributed to all shareholders that fall into the Allocation Penalty pricing to inform them of the costs and encourage them to speak with their landscaper to reduce usage; Smith asked if a ranking system can be developed and noted on these handouts as well.
 - B. Delinquent Acct follow-up (5.8B): Houser reported that the severely delinquent account mentioned at last month's meeting has paid in full.
5. **Administrative Report:**
 - A. May water sales: Houser reported that Tier 3 water usage was still high. Smith inquired if HOA 2-B resolved their irrigation watering issues; Houser explained that the President of the HOA is fully aware of the issues and has not reached back out for anymore assistance with troubleshooting to determine which properties are, in fact, on the common area water meter.
 - B. YTD graphs: Houser presented YTD graphs. Pape noted that the basin draw is roughly 35% lower than this time last year and feels this is due to the weather this year. Pape reported that the new AG wells are producing well. Pape explained that in order for us to pull water from Yuima MWD, McMillan has to be watering or we run the risk of over flowing the tank. Do suggested that wells be used as back up in the winter allowing for "banking" by purchasing from Yuima MWD only. Bandy suggested removing Well 41 from the basin draw because it is at the far edge of the district and has recharge from the treatment plant. Smith asked staff to research this operational philosophy for next year.

C. Updated Capital Projects: Houser presented updated Capital Improvement projections. Staff was asked why \$275,000 was planned for Well 7R when tank rehabilitation is coming in the next few years. Pape reminded that the permit requires chlorination; that Well 7R is a mid-point in the distribution system, and in order to avoid DEH questioning, it is recommended to get it functioning. Do feels that this should be deferred for now; Mathews informed with the uncertainties of SGMA it is best to not defer any well drilling. Mathews asked that the imprest account for the tank rehabilitation be added to the Balance Sheet to monitor on a period basis. Mathews asked for a model of what 2017-2018 may look like in order to generate \$850,000 now projected for these projects.

D. Yuima rate increases: Houser reported that Yuima MWD is scheduled to hold a public hearing for rate increases on June 30, 2017 at 2:10 p.m. Simpson explained that the Raftelis report was completed but exhibited much higher increases than Yuima's board felt acceptable; the proposed budget is a hybrid plan to avoid the drastic increases. Simpson also informed that a workshop is being held on June 21, 2017 at 6:30 p.m. where public can come and ask questions. Staff was asked to prepare a letter to all shareholders explaining the opposition to the water rate increase and include a protest form so each can file in a timely manner. Staff was asked to work with Counsel to file a formal objection to the increase on behalf of RPMWC; staff is to verify if PVCSD and PVCC would like to object as well.

E. Effective Retirement date: Houser formally announced her retirement date is set for February 2, 2018. Her job description has been placed on Water Jobs; two applications have been received thus far.

6. Operations & Maintenance Report

A. SCADA review: Pape presented collected data. Devine gave a projected completion date of August 1, 2017 for the pipeline connecting T-Y Nursery's Yard 8 well to the PVCC open reservoir with pipeline already in the ground. Mathews asked if an Encroachment Permit was obtained for where the pipeline intrudes in Well 7R easements as was requested; staff has not been contacted by PVCC and just learned of the installation from the contractor. Mathews asked staff to get this taken care of immediately.

B. Ongoing well development: Equipment for Well 42 has been ordered and awaiting installation. Underground electrical will be done next week and the utility department will then begin pipeline installation.

C. Well Upgrades: Pape reported that Well 39 had the column fixed and should have pump and motor back in place later this week. With new sounding tubes and a transducer, we will be able to track this well data on SCADA.

D. New well development: Re-drilling of Well 7R previously discussed.

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

7. Financial Report

A. BS, P&L as of 5/31/17: Watkins presented the financial report which reflects Cash Assets totaling \$495,106; Accounts Receivable of \$187,853; and, Accounts Payable of \$243,621. Watkins noted that PVCSD has paid in full. Title 22 testing on Well 40 completes this year's requirement on all wells for the next 3 years. A motion was made by Smith, seconded by Kariya 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.

Smith took a moment to explain a few changes that would help him analyze the billing data monthly and asked staff to make these changes to the spreadsheet.

Mathews requested to set the next meeting date before entering into Closed Session; meeting was set for July 17, 2017 at 2:00 p.m.

8. Closed Session:

A. Conference with Legal Counsel: Entered into closed session at 3:44 p.m.

9. Open Session:

A. Report Actions from Closed Session: Reconvened at 4:25 p.m.; the President was authorized to execute and deliver a letter to T-Y Nursery.

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 4:26 p.m.

Amber Watkins

Amber Watkins, Recording Secretary