

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
ORGANIZATIONAL MEETING AND REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD February 12, 2018

Directors Present: Charles Mathews, Brad Smith, Chuck Bandy, Son Do and Laura Kariya
Also Present: Shareholders Tom Cerruti, Jim Cipriano, David Comstock; Assistant Superintendent of PVCC John Tomlinson; Jeff Pape of Dudek; General Manager Bobby Graziano and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 1:00 p.m. by President Mathews.
2. **Shareholder Comments:** None
3. **Election of Officers:**

President - Charles Mathews; motion was made by Kariya, seconded by Smith and unanimously approved.
Vice President - Brad Smith; motion was made by Mathews, seconded by Bandy and unanimously approved.
Secretary - Laurie Kariya; motion was made by Mathews, seconded by Bandy and unanimously approved.
Assistant Secretary – Amber Watkins; motion was made by Mathews, seconded by Bandy and unanimously approved.
Treasurer - Charles Mathews; motion was made by Smith, seconded by Bandy and unanimously approved.
4. **Approval of Previous Minutes:**
 - a. January 22, 2018 meeting: Bandy asked that item 2 be updated to reflect “raised the issue of the rezoning project” instead of “oppose.” Bandy noted that item 4o should include that an updated bid is needed. Lastly, Bandy noted that he proposed that an investment committee and audit committee be formed to assist staff. Upon a motion by Bandy, second by Smith and unanimous vote, the minutes of the meeting held January 22, 2018 were adopted as presented.
5. **Operation & Discussion Items:**
 - a. January Water Sales: Pape presented the report for review, noting that the Ag users are working with RPMWC during the weekends to ensure that no overflow of the reservoir occurs. Mathews noted that the data on the bottom of the report should be updated and verified monthly.
 - b. Well Data: Pape presented that graphs that are being used to monitor usage and well production.
 - c. Slippage Report: Graziano presented the report with updated formatting. Graziano has verified that the 3.7% slippage is correct. Pape noted that overall wells are in good condition. Graziano noted that 4 ultrasonic meters have been used to replace worn residential meters; staff is working to identify other meters in need of replacement. Graziano noted that these new meters are automatic meter read capable and have a 20 year warranty with no moving parts to wear out. Mathews asked that staff use these meters to review accounts that may have billing, usage or leakage issue.
 - d. Allocation Penalties: Shareholder Glaser raised the issue at the previous meeting to reduce the penalty threshold; after some discussion, Bandy noted that a second look is justified at this time. Graziano suggested an annual allocation and/or a fixed rate. Mathews feels that on an annual allocation without proper management simply will not work. Other ideas were discussed, ultimately staff was asked to research billing software capable to handle the rate structure as currently outlined and provide a more

equitable structure. Do suggested that the penalty average impact be researched as well. Graziano to follow up with Glaser.

e. Easement for new Well 7R Site: Mathews reported that PVCC refuses to grant a new easement and maintains that the existing easement does not allow for a new well to be drilled on the existing footprint. As Mathews understands it, PVCC has been led to believe that the free water they are receiving from TY Nursery will stop if the easement is granted. Pape explained that this well has been rehabbed and downsized in the past, the water table is just too low with the TY wells on the adjacent lot pumping from a lower location. Staff will research other locations and consider a more drastic rehab of the existing well.

f. Ongoing Well Development: Pape reported that the electrical panel for Well 39 was removed to upgrade it and the county refused to allow SDG&E to reinstall; the county was to have an inspector come inspect the location and once approved SDG&E can install the upgraded panel.

g. SCADA: Pape presented the data from SCADA.

h. TY Allocation Delivery: Graziano reported that as of Friday TY Nursery is no longer taking any RPMWC water, so no need to discuss this item.

i. Yuima Wholesale Agreement: Graziano report that Rich Williamson expressed his concern with the language in the agreement and that is why he decided to terminate it. Graziano was instructed to discuss this item with legal.

j. TY Yard 2 Yuima Meter: This item was not discussed as TY Nursery will not be taking any water from RPMWC.

k. Yuima Interruptible Service: Graziano reported that Yuima MWD passed this rate which would allow RPMWC to purchase water for \$1388 per acre foot as opposed to \$1809 per acre foot that we currently pay. Bandy suggested that this be discussed at the next operations meeting.

l. Water Connection Fees: Mathews explained that he and staff are working on this and that it is not easy. A progress update will be provided once available.

6. Financial Report

a. Accounts Receivable: Watkins presented the accounts receivable report as of 01/31/2018. Mathews reviewed the report and verified that the delinquent policy is being followed. Smith asked if the columns can be re-labeled to make the report easier to understand, Watkins will try to change them.

b. Capital Expenditures: Watkins presented that Capital Expenditures for review.

7. SGMA Updates: This item was not discussed.

8. CLOSED Session: The Board entered Closed Session at 2:47 p.m. to discuss a potential litigation.

9. OPEN Session: Reconvened to Open Session at 3:45 p.m. Staff was given certain directions.

Graziano reported that the Pauma Indians are going to plant olive trees in the farming field. Mathews noted that the final audit report has been provided to board members; no vote was needed as the draft was reviewed and approved previously. The report is to be posted on the website.

10. Adjournment:

a. The next meeting date has been set for March 19, 2018 at 1:00 p.m. Bandy submitted a proposal that will be discussed next meeting. With no further business to discuss the meeting adjourned at 3:50 p.m.

Amber Watkins

Amber Watkins, Recording Secretary