

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD November 20, 2017

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Directors Present: Charles Mathews, Brad Smith, Chuck Bandy and Laura Kariya  
Directors Absent: Son Do  
Also Present: Shareholders Jim Cipriano and Todd Nicol; new hire Bobby Graziano; Jeff Pape of Dudek; Administrator Mindy Houser and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 12:05 p.m. by President Mathews.
2. **Shareholder Comments:** Cipriano reported that PVRA will begin maintaining the landscaping for the front and back gate areas as well as the greenbelt in December. Cipriano informed that a Memorandum of Understanding was entered into with PVCC where PVRA will pay \$6,000 annually for water costs and take over the cost and responsibility for landscape maintenance.

Houser reported that Bobby Graziano has been hired to replace her as the new General Manager. Houser explained that the previously hired candidate McBride was released at the end of October. Graziano is set to begin on January 2, 2018. Graziano explained that he holds an engineering degree in textiles; he also says he has lived in Pauma Valley since 2010 and is a farmer with 400 avocado trees. Graziano is also the President and General Manager of Rancho Estates Mutual Water Company.

3. **Approval of Previous Minutes:**
  - A. October 16, 2017 meeting: Mathews asked that item 4B be adjusted to reflect roman numerals to correspond with the policy wording. Upon a motion by Kariya, second by Smith and unanimous vote, the minutes of the meeting held October 16, 2017 were adopted pending the change requested herein.
4. **Subsequent Actions:**
  - A. Allocation adjustments (10.4A): Houser reported that PVCC is the only AG user to return with monthly allocation adjustments. Staff feels there will be no issue fulfilling the request.
  - B. Drought policy updated (10.4B): Houser informed that the policy has been updated as previously discussed and will be added to the website. Smith suggested that key points be highlighted to easily identify the changes.
  - C. Budget updated (10.5D): Staff informed that the budget has been updated to accurately depict the Yuima Fixed Charges as discussed at the last meeting. Houser noted that the new charges from Yuima go into effect January 2018.
  - D. Well 7R easement (10.5E): Houser reported that the draft easement was presented to PVCC the evening before their Annual Meeting, so therefore it was not discussed. Devine informed Houser that it will be presented at the next meeting. Mathews suggested that a letter be sent to the new PVCC President explaining the importance of this relocation.

5. **Administrative Report:**
  - A. October water sales: Houser reported that Tier III usage continues to be high. Mathews commended Pape for his ability to stay below the basin draw goal for the year, noting that the P&L impact of the 593,022 units is visible. Potable Tier III continues to increase over the year; staff suggested sending a notice to Shareholders explaining that allocation has dropped beginning in November. Smith noted that currently we are building our reserves for future needs and moving along the budget nicely.

**B. Year-end graphs:** Houser presented the year-end graphs for review. Smith noted that the key factoids are easily accessible and that non-potable seems to have held up better than years past. Pape reminded that the operation sequence has changed which is a major factor with that. Mathews asked that the slippage be included in the next meeting for discussion.

**C. Slifka/Knox Share Transfer Agreement:** Houser sent the legally approved draft of the agreement to both Slifka and Knox; as of yet, no word back has been received. Houser informed them both that if a signed agreement is not received, the November billing will go back to normal with Lot 9 using 3.6 water shares and Lot 10 using 3.3 water shares. Since the two meters previously used are assigned to Lot 10, Lot 9 will be charged the Vacant Lot/Water Availability charge of \$20 monthly until such time as a meter is purchased and installed.

**D. Rancho Estates MWC request for Service Agreement to share SCADA:** Graziano submitted a letter requesting that RPMWC allow REMWC to utilize the SCADA antenna and software for a fee of \$600 annually. Graziano assures that both companies will be segregated to avoid any privacy issues. After a presentation from Graziano, Mathews asked that Graziano reevaluate the amount to be paid to RPMWC for this service.

**6. Operations & Maintenance Report**

**A. SCADA review:** Pape reviewed the SCADA data noting that there has been low use and the well field has flattened. Pape reported that Well 30 is off (due to fulfillment of Tiers I and II) eleven days prior to the end of the billing cycle and the TY Nursery tank continues to rise. Pape reported that 669 Tier III units used in October will be pushed forward to November as Tier II, board permitting. Smith suggested that a daily average be delivered to help minimize non-delivery for such an extended period of time in the future. Pape reported that another option would be to install a pressure control valve which will allow the customer to manage their own water. Mathews directed staff to use a daily average and develop a checkpoint to avoid any Tier III usage moving forward.

**B. Ongoing well development:** Pape reported that the design has been approved by SDG&E and the conduit has been purchased to run the electrical from Well 39 to Well 42.

**C. Ops Meeting summary:** Smith reported that items discussed were issues at the grove and PVCC, and water levels in wells. Smith noted that there were no issues to bring to the company. TY did not participate in the meeting.

**7. Financial Report**

**A. BS, P&L as of 10/31/17 pre-audit:** Watkins presented the pre-audited financial report which reflects Cash Assets totaling \$691,184; Accounts Receivable of \$253,934; and Accounts Payable of \$84,545. Watkins noted that all accounts payable have been paid. Watkins stated the year-end electrical income was adjusted with the October billing as previously discussed. Watkins also noted that the import water sales variance was adjusted to reflect the 5% margin as previously discussed as well. Watkins noted that Repairs and Maintenance expense is high due to shoring that was purchased that has since been returned. Watkins noted that October had three pay periods. Staff reported that the year-end audit will begin tomorrow.

**B. Account receivables:** Watkins noted that two door hangers will be distributed if payment is not received.

**8. SGMA Updates:** This item was discussed later in the meeting.

**9. CLOSED Session:** The Board entered Closed Session at 2:02 p.m. to have a conference with Legal Counsel.

10. **OPEN Session:** Reconvened to Open Session at 3:05 p.m. No reportable actions.
  
8. **SGMA Updates:** This item was discussed at this time. Mathews reported that a meeting was being held today at 10 a.m. to determine a platform for the December 5, 2017 meeting with the Indian tribes. Mathews reported that the tribes want the boundaries to be changed. In Mathews opinion, the County has become a very weak party as this becomes more complicated.
  
11. **Adjournment:** The next meeting date has been set for December 11, 2017 at 10:00 a.m.; with no further business to discuss, a motion to adjourn was made by Smith, seconded by Kariya and unanimously carried at 3:15 p.m.

*Amber Watkins*

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Amber Watkins, Recording Secretary