

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD September 25, 2017

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

Also Present: Shareholders Jim Cipriano and Todd Nicol; Jeff Pape of Dudek; General Manager Charles McBride; 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. August 21, 2017 meeting: Upon a motion by Kariya, second by Bandy and unanimous vote, the minutes of the meeting held August 21, 2017 were adopted as presented.
4. **Subsequent Actions:**
  - A. Front gate project (8.4A): Cipriano reported that new plants have been planted with drip irrigation to minimize water use. Mathews congratulated him on his accomplishment for PVCCE and thanked him for his dedication to the project.
  - B. HOA 2-B irrigation issues (8.6A): Smith reported that the HOA has not contacted RPMWC staff and that the President of the HOA is fully aware of the options available and the support RPMWC would provide to complete the project.
5. **Administrative Report:**
  - A. August water sales: Houser presented the totals, noting that 16,033 units of water were purchased from Yuima MWD.
  - B. YTD graphs: Houser presented YTD graphs.

Pape reminded that, over the last remaining months of the fiscal year, staff will try to get to as close as possible to 600,000 billing units for the year. Pape reported that the basin goal will not be exceeded and that staff will adjust import water as needed to ensure that.

  - C. TY Water Allocation Transfer: Upon review of the parcel ownership, it was determined that the lot was split with Mr. Yasutake Sr. owning 95% of it. Houser reported that TY has the drafted agreement which would authorize TY to utilize the additional 12+ shares. Houser reported that Oggie Watson of TY Nursery staff called just before this meeting started and stated the agreement was signed by both parties as written and will be delivered tomorrow.

Staff informed that TY is supplying water to the PVCC's open pond but PVCC has yet to use their entire Tier I and Tier II as per the agreement made between TY and PVCC. Houser and Pape have explained this to PVCC management multiple times so that they fully understand and Doug Rudolph is kept updated weekly on their total golf course usage.

  - D. Drought Policy revisions review: Mathews asked that all board members review the changes and provide any comments to Houser within the next two weeks; this item will be deferred until the next meeting.

E. Draft Operating Budget: Houser presented the 2017-2018 budget model which includes a 5% decrease in water allocation; Houser calculated these numbers using the same path as last year. Houser also presented the proposed Rate Structure for 2017-2018. After some discussion, both Smith and Bandy concurred that they feel the basin is stabilized. For that reason, Bandy supports keeping the allocation as is - using 600,000 billing units from the basin. Discussion concluded with an agreement to the 5% reduction in allocation with a review of the numbers every quarter. Cost per tier and Infrastructure Charges will remain the same as currently charged. Review of the wording used on the Rate Sheet provided each month noted that staff needs to emphasize that Fixed Charges and Capacity Charges are subject to change without notice based on Yuima MWD's charges to the RPMWC, and that wording in General Information needs to be revised to correctly state due date for late fee assessment. Staff was asked to amend the Rate Structure as described and include a notice in the September billing to inform Shareholders. Smith asked that this reduced allocation be reviewed at the January meeting.

## 6. **Operations & Maintenance Report**

A. SCADA review: Pape reported that Well 14 continues to show recovery to 137'; Well 40 has been taken offline as the water surface elevation causes the pump to go out; Pape noted that this happened at the same time last year as well. Pape will continue to adjust the well sequence as needed to ensure that customers are receiving the higher quality water. Pape also noted that, due to higher Total Dissolved Solids and higher Chlorides, Well 37 is not used unless needed.

B. Ongoing well development: Property owner Pauma Valley Investors continues to refuse to sign SDG&E easement documents to secure electrical service for the operation of Well 42. Pape stated that the easement presented by RPMWC and recorded with signature of Pauma Valley Investors called out for electrical and that SDG&E's easement is a requirement for that utility even though it duplicates our easement. Still, after multiple discussions on the necessity of this duplication of easements, Pauma Valley Investors will not sign. Pape is working on possible alternatives which may be more costly but a final resolve to this issue. Pape informed that he may be able to borrow a generator powerful enough to operate the well, but fears the sand surrounding that area will cause it to become stuck. McBride was asked to meet with Cerruti, the representative for Pauma Valley Investors, hoping that a new face may be better able to communicate with Cerruti.

C. Well repairs: Pape reported that Well 38 had a hole in the column and is now back on line. This is what allowed sand into the system that was discovered at the Wiskon Way East and PVD area. Pape noted that the well seems to be working great now.

D. Potential Well 7R replacement spot: Szytel Engineering has determined the easement needed for the particular location specified. Staff is waiting to review the View Scape Easement discussed at the last meeting. If nothing in the easement prevents placement of a well, easements papers will be presented to PVCC GM Devine for their approval.

E. Ops Meeting summary: Pape reported that Bandy was the only one to show up to the meeting. Much of the time was spent discussing the Yuima Wholesale Agreement. Currently Yuima MWD is requesting to terminate the agreement. Staff will discuss with counsel.

## 7. **Financial Report**

A. BS, P&L as of 8/31/17: Watkins presented the financial report which reflects Cash Assets totaling \$507,736; Accounts Receivable of \$237,600; and, Accounts Payable of \$123,665. Watkins noted that PVCSD has paid in full. Watkins reported that repair costs are up due to a sensor replaced on the backhoe and paving projects for the office and airpark. A motion was made by Smith, 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 reported that one account has a promise to pay later this week to avoid disconnection. Mathews asked that a current date A/R report be presented along with the month-end A/R report to get a clearer picture on payment rate of receivables. Mathews suggested that a policy be considered in the event that any of our three largest shareholders were to become unable to pay their invoices when due.

8. **Updates on SGMA:** Mathews reported that at the most recent Executive Meeting it appears that none of the agencies are active in what is going on. Yuima has met with the Indians multiple times without prior disclosing the meetings. Mathews gets the sense that no matter what the Executive Committee proposes, the County is going to control every aspect of SGMA.
9. **Adjournment:** The next meeting date has been set for October 16, 2017 at 2:00 p.m.; Bandy will not be in attendance. With no further business to discuss, a motion to adjourn was made by Kariya, seconded by Bandy and unanimously carried at 4:16 p.m.

*Amber Watkins*

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Amber Watkins, Recording Secretary