

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
HELD September 27, 2022

Directors Present: Chuck Bandy, Bruce Knox, Laurie Kariya and Steve Wehr

Also Present: Shareholder Charles Mathews, Michael Esparza; Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 3:02 p.m. by President Bandy. This meeting was held in person and via Zoom.
2. **Shareholder Comments:** Mathews inquired if RPMWC would consider placing the minutes on the website; the board was in agreement with this request.
3. **Budget for fiscal year 2022-2023**
 - a. The board will consider approving the budget for fiscal year 2022-2023 – Bandy reviewed the previous assumptions used in the draft budget model presented last week. Bandy noted that this model includes 800,000 units from the basin, 7% increase in monthly meter charges and across all tiers as well. Bandy noted that it is imperative that the Board revisit the budget in the Spring to assure the basin draw set with the budget for 2022-2023 is still in line with the then current assumptions. Bandy reminded that there are still many unknowns with the SGMA JPA and what that will look like. Knox inquired on import water availability; Bandy confirmed RPMWC does have the ability to purchase import water from Yuima Municipal Water District. McMillan Farm Management achieved a 5% voluntary reduction this year; Pauma Valley Country Club (PVCC) committed to this voluntary reduction as well but was unable to achieve it this fiscal year. Bandy noted that the total units sold for this current year are projected to be 876,000 by year end; Bandy suggested that the billing units sold for the 2022-2023 budget be adjusted to 850,000 total units for the basin draw. Knox noted that PVCC will not be reducing their usage unless mandated to; the new irrigation system that PVCC was anticipating to help with the voluntary reduction took some time to fully understand; McMillan Farm Management is in Tier 3 even though PVCC did not reduce their usage. Bandy reviewed the capital expenditures noting the addition of the small tank rehabilitation as well as SGMA related items. Mathews noted the SGMA items are expenses not capital. Knox noted that the amount is unknown at this time and the amount is being used as a placeholder. Knox noted that the Interim General Manager (IGM) that Pauma Valley Community Services District has hired should not be factored into this but for the entire year. Esparza suggested that the Board proceed with the budget for this expense so RPMWC is not behind. Wehr asked why RPMWC would budget for the IGM if PVCSD hired them? Esparza commented that 55% of the General Manager salary has been paid by RPMWC. After continued discussion, Knox motioned to agree to pay for 50% of the PVCSD IGM for 30 days then reevaluate if needed, seconded by Wehr and upon a unanimous vote was approved. Mathews suggested a proposal be submitted to PVCSD. Wehr explained the proposal has been provided to President Martello. Knox commented that was done in the spirit of trying to work together. Knox also commented that a severance package was put together by PVCSD and included 2 months of pay for the exiting General Manager. Bandy noted this severance payment is not in budget. A letter will be sent to PVCSD regarding the IGM motion above. Bandy called a Special Meeting for Friday at 3 pm to finalize the 2022-2023 budget. Bandy noted that historically a 5% margin has been placed on import water purchased and locally produced Tier 3 water is the fastest way to generate cash. Bandy also noted that the cost of production rates needs to line up with the water rates as well. Mathews noted that PVCC benefits the community and that the commercial operation offers nothing to the community. Knox noted that PVCC is an extremely profitable company and noted the community still needs them.
4. **Adjournment**
 - a. Next Regular Meeting Date at 2 pm - Oct 17, 2022: With the next meeting date set and no further business to discuss, Knox motioned to adjourn the meeting, motion was seconded by Wehr and upon a unanimous vote the meeting adjourned at 4:01 p.m.

Amber Watkins

Amber Watkins, Recording Secretary