

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD November 21, 2022

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

Directors Absent: Larry Taylor

Also Present: Shareholders Richard Collins, Ron Krohn, Interim General Manager Jeff Armstrong, Operations Manager Jake Oehlert, Office Manager Amber Watkins, and Water Quality Data Tech and Compliance Administrator Kim Alvarado

1. **Call to Order:** Meeting was called to order at 1:59 p.m. by President Bandy. This meeting was held in person and via Zoom.
2. **Shareholder Comments:** None.
3. **Approval of Previous Minutes**
 - a. Minutes of Sep 19, 2022- Regular Meeting: Bandy noted a few corrections to be made. Upon a motion by Knox, seconded by Bandy, the minutes of the Regular Meeting held on September 19, 2022 were approved by unanimous vote with the changes requested by Bandy.
 - b. Minutes of Sep 27, 2022- Special Meeting : Bandy noted a few corrections to be made. Upon a motion by Kariya, seconded by Knox, the minutes of the Special Meeting held on September 27, 2022 were approved by unanimous vote with the changes requested by Bandy.
 - c. Minutes of Sep 30, 2022- Special Meeting : Kariya noted a correction to be made. Upon a motion by Kariya, seconded by Wehr, the minutes of the Special Meeting held on September 30, 2022 were approved as presented by unanimous vote with the changes requested by Kariya.
 - d. Minutes of Oct 6, 2022- Special Meeting : Upon a motion by Knox, seconded by Kariya, the minutes of the Special Meeting held on October 6, 2022 were approved as presented by unanimous vote.
4. **Reports**
 - a. Account Totals: Watkins presented the September and October totals as well as the totals for the 2021-2022 fiscal year. Watkins informed that McMillan Farm Management and Pauma Valley Country Club (PVCC) ended the fiscal year in Tier 3.
 - b. Water Report: Presented for review. Watkins noted the total annual projected units used from the basin was less than the actual use at year end. Bandy noted that the less units used was good news due to the current drought conditions. Bandy also stated that the Supervisory Control and Data Acquisition system (SCADA) has greatly benefited the day-to-day operations allowing staff to operate wells at manageable levels while allowing for well longevity. Knox questioned the slippage report totals, Oehlert stated the recent main line brake may have affected the totals. Armstrong noted that other districts set a goal 5% slippage in the system and noted in his opinion 3.01% is great.
 - c. Operations Report: Oehlert reported on the current operational status, noting there have been several water main line brakes over the past month. Oehlert noted that some of these issues are likely due to valves being old or inoperable. Oehlert reported that several valves have been identified that need replacement and noted that a few of these valves have been scheduled for replacement by the end of the year. Knox questioned what the cost is to purchase a valve, Oehlert stated that the cost is roughly \$1,000.00 and that RPMWC maintains an inventory of the valves. Oehlert discussed the recent work completed at Well 34 and the work

needed at Well 14R. Wehr questioned if the budgeted amounts are in line with the current repairs taking place. Bandy noted that the budgeted amount for the well rehab looks to be on point at this time. Alvarado was asked to report on the current status of the lead and copper testing at both the residential sites and the distribution system. Alvarado reported that RPMWC has received instruction to continue with the testing requirements as outlined and move forward with the completion of a Corrosion Control Study. Alvarado noted that the 20 residential homes will have ongoing semiannual testing until instructed otherwise by the SWRCB DDW. Alvarado noted that RPMWC has received a list of engineering consultants from the SWRCB DDW and will reach out for a proposal from several of the noted engineering consultants.

5. Financials

a. B/S, P&L, 2 yr Comparison as of September 30, 2022: Watkins presented the financial reports for review.

b. B/S, P&L, 2 yr Comparison as of October 31, 2022: Watkins presented the financial reports for review. Watkins noted the placement of the matured certificate of deposit (CD) account into the checking account. Knox noted, he would like Watkins to look into the current CD rates, suggesting an interview process involving 3 to 4 different banks to determine which banking institution would guarantee the best rate. Armstrong mentioned the usage of a pooled income fund and if RPMWC had the availability, Armstrong stating this option is worth looking into. Watkins has contacted the accountant to schedule the audit for fiscal year 2021-2022. Watkins mentioned that once the audit is complete the capitalized expenses will be adjusted. Watkins noted that in April of this year, the Yuima Fixed Charge Pass Through fees were removed from customer invoices and absorbed by RPMWC as an expense. Watkins identified that the annual chlorine maintenance took place in October noted that the expense was over \$18,000. Bandy questioned the October accounts receivable total, asking if the unpaid totals were collected. Watkins noted the majority of the unpaid balances have been collected aside from the \$79,000 due from a large customer. Watkins reported that this customer has requested a payment plan. Watkins asked this customer to prepare a written plan for the board to review. Knox informed staff to provide one week to present the written payment plan. If the payment plan is not received in that timeframe, Bandy will contact the customer. Upon a motion by Wehr, seconded by Knox and a unanimous vote, the financial reports for September and October 2022 were approved as presented.

6. SGMA JPA Update: Wehr reported the recent SGMA JPA meeting topics discussed at the board meeting held on November 16. Wehr noted the meeting was very productive. Bandy noted that Geoscience, the team hired to conduct a study on the pumping levels with the basin have done a great job. Knox, Wehr and Bandy commented that the legal team hired to represent the JPA is working well together.

7. Ad Hoc Committee Update: Bandy presented the board with a bit of background information as to why the Ad Hoc committee was created, stating that the Ad Hoc Committee is compiled of 2 RPMWC board members, Bandy and Kariya and 2 PVCSD board members; Betty Potalivo and Jodie Lawston to help with the recruitment of potential candidates suited for the PVCSD General Manager position currently available. Bandy noted that he would like to see a promotion within the current staff and to allow the assistance of Dudek to work alongside staff as needed for both the PVCSD and RPMWC needs. Bandy also noted that the RPMWC board is in support of this approach. Armstrong stated that the Ad Hoc Committee has been very productive. Armstrong also noted the interview process for the General Manager position will take place the first week in December.

8. California Association of Mutual Water Companies Discussion: Armstrong recently reached out to the California Association of Mutual Water Companies (Cal Mutuals) on behalf of RPMWC to access member information. Armstrong stated that the Cal Mutuals membership is an extremely effective tool that should be utilized by RPMWC. The Cal Mutuals membership offers support to operational staff, board of directors and educational resources to ensure effective and compliant operation. Armstrong noted that the Executive Director, Adan Ortega, has recently joined the Metropolitan Water District Board as well. Armstrong

informed that Mr. Ortega has been a great advocate for mutual water companies and wanted to share that with the Board. Bandy would like a letter of support sent on behalf RPMWC to the Executive Director Ortega.

9. Closed Session

a. Pursuant to California Corporations Code Section 14305(b)(2) – Potential Litigation, 1 case: The board entered into Closed Session at 3:23 pm. All were asked to exit the meeting with the exception of Watkins.

10. Open Session

a. Reportable Actions: Reconvened to Open Session at 3:41p.m.

11. Adjournment

a. Next Regular Meeting Date at 2 pm - Dec 19, 2022: No discussion on the item.

b. Annual Meeting Date at 2pm – Feb 20, 2023: The date of this meeting was adjusted to February 22, 2023, at 2pm.

c. Organizational Meeting at 2:30pm – Feb 20, 2023: The date of this meeting was adjusted to February 22, 2023, at 2:30pm. Knox requested to review the approved Capital Expenses at the next meeting. With the next meeting date set and no further business to discuss, Knox motioned to adjourn the meeting, motion was seconded by Kariya and upon a unanimous vote the meeting adjourned at 4:05 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary