

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD September 21, 2026

Directors Present: Chuck Bandy, Laurie Kariya, Bruce Knox, and Scott Shinner
Directors Absent: Linda Shoaff

Also Present: Administrative Manager Amber Adams and Office and Compliance Manager Kim Alvarado

1. **Call to Order:** Meeting was called to order at 2:00 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 August 17, 2026 - Regular Meeting:** Upon a motion by Knox, seconded by Kariya, the minutes of the Regular Meeting held on August 17, 2026, were approved as presented by unanimous vote.
 - b. **Minutes of August 21, 2026 – Special Meeting:** Upon a motion by Kariya, seconded by Knox, the minutes of the Special Meeting held on August 21, 2026, were approved as presented by unanimous vote.
4. **Administrative Manager's Report:** Adams has received a request from the Small Water System Warriors encouraging Mutual Water Companies to draft a letter to request Governor Newsome to veto SB 1417 that will require Mutual Water Companies to operate more like a public agency. Adams noted the deadline to submit the letter is September 30, 2026. After further discussion, the Board asked Adams to prepare a letter on behalf of RPMWC in support of the veto of SB 1417. Adams noted the recent mailing/emailing of the Call for Candidacy that went out to all shareholders in the August billing with a deadline for all interested candidates of 10/31/2026. Adams stated the semiannual lead and copper samples have been collected from the participating 20 properties, once all of the results have been received a letter will be sent to all participating properties informing them of the results. Adams provided an update on the El Rey Restaurant / Pauma Valley Trading Post commercial rebuild, noting a recent meeting was held last week and all in attendance left the meeting seemingly on the same page understanding that RPMWC requires confirmation by a civil engineer to confirm that the latest plans would provide adequate fire flow for the project. Adams further noted the following day after the meeting the contractor for the project submitted a set of plans stamped by a civil engineer. Adams and Pape are in the process of reviewing the plans to ensure RPMWC does not take on any liability for the presented calculations / requirements.

Shinner arrived at 2:12 p.m.

After further Board discussion, Bandy instructed Adams and Pape to follow through with the RPMWC requirements and to prepare a hold harmless clause.

a. **Operations Report:** Adams reported that all wells are operational. Adams noted that at last week's staff meeting she was made aware of a flow discrepancy on the Supervisory Control and Data Acquisition ("SCADA") system involving three wells. Adams has contacted the SCADA consultant for assistance with this. Adams moved on to note that RPMWC's SCADA consultant met with the Pauma Valley Community Services District ("PVCSD") SCADA and Information Technology contractors to determine if the PVCSD's SCADA system is separate, no crossover with RPMWC's SCADA system. Adams stated after the inspection was completed by the consultants it was determined that the only remaining crossover between RPMWC and PVCSD is the power supply that is currently located inside of RPMWC's secure panel box. Kariya questioned if the RPMWC panel is locked. Adams replied yes. Adams lastly noted she has reached out to the PVCSD's

General Manager notifying of the remaining tied source. Bandy noted the budget should include the cost associated with the reinforcement of the SCADA tower located at the laydown yard and the removal of eucalyptus trees that are located near the SCADA tower. Bandy also requested the recently installed land survey stakes be replaced with a more permanent/weatherproof stake that will last and provide the information needed for years. Adams noted the utility staff completed an emergency repair on Temet Drive this past Friday with the repair completed in under 2 ½ hours allowing the water to be restored quickly to 10 of the 11 homes affected. Adams further noted the remaining affected property needed a repair on the customer's side of the property and once the repair was completed by the vendor for the homeowner's association, the utility staff restored the water to the property. Adams lastly noted the great teamwork displayed by utility during the emergency repair.

b. Account Totals: Adams reported the August Revenue of \$289,709 with 118,409 units of water sold. Adams further noted the YTD total units of water sold is roughly 30,000 less units of water sold from the same period in 2024 – 2025 with the year-end total units sold tracking at 900,000 units. Bandy noted the possibility of the revenue at 2 million by the fiscal year end.

c. Water Report: Adams stated the slippage report reflects the year-to-date total units lost percentage of 2.14%. Adams noted a large portion of the slippage was attributed to the flushing of wells for water quality testing, service line leak on Temet Drive and on Katkat Court.

5. Financials:

a. B/S, R&E, 2-year Comparison as of August 30, 2026: Adams presented the financials for August 31, 2026, noting a cash total of \$1,643,653 with a current cash total of \$1,800,000. Adams noted the Accounts Receivable as of August 31, 2026, of \$292,725 and the Accounts Payable of \$8,139. Adams noted that one of the larger agriculture shareholders will remain in tier 3 for the remainder of the fiscal year. Adams noted that the Pauma Valley Country Club is starting the golf course overseeding today with an anticipated heavy watering schedule next week. Adams referenced line-item number 603.38 – SCADA Maintenance referencing the expense of \$11,906 for the annual SCADA contract maintenance. Adams also referenced line-item number 603 – Repair and Maintenance – Other with an associated expense of \$19,861 for the emergency repair at Katkat Court completed by an outside vendor. Adams further added the cost does not include the paving required after the repair was completed. Adams provided the Unaudited Revenue and Expense Report - 2 Year Comparison for the Board to review. After further Board discussion Bandy made note of Knox's request to include in the budget the employee costs under the line-item number 603 – Repair and Maintenance. Adams lastly noted she has not received the annual SGMA invoice. Upon a motion by Knox, seconded by Shinner and unanimous vote, the financial statements for August 31, 2026, were approved as presented.

b. 2026-2027 Draft Budget: Adams provided all in attendance with a recap of the draft budgeted assumptions that consider the forecasted Super El Nino by lowering the anticipated water sales to a historically lower number, using a basis of 700,000 units instead of the previously budgeted 900,000 units and the updated Capital Improvement Plan line-item charge for infrastructure replacements. Bandy suggested the line-item charge renamed to the Capital Improvement Replacement Fund ("CIRF") to encompass all needs, not to limit. Knox questioned if the fee for the CIRF line-item charge will need to be adjusted in an upward trend over the next 5 years. Bandy replied yes, on a yearly basis during the budget preparation the currently proposed assessed monthly cost of \$50.00 will need to be reviewed. Knox suggested the next fiscal year's budgeting process should include the integration of an annual escalator for the proposed assessed CIRF charge. Adams also noted at the last finance committee meeting the Cost of Living Adjustment ("COLA") was reduced from 7% to 5%. Knox requested the term COLA be replaced and referred to as pay raise. After further Board discussion Adams confirmed the rephrased term for COLA will be stated as a payroll increase. Bandy asked for a motion to approve the 2026 – 2027 Draft Budget as outlined, Knox motioned to approve, seconded by Kariya and unanimous vote, the 2026 – 2027 Draft Budget was approved as presented. Bandy noted an informative shareholder letter will be provided in the October billing.

6. **RPMWC and PVCSD Update:** Bandy reported that the paperwork has been filed on behalf of RPMWC to drop the current legal stay.
7. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that at the recent JPA meeting the draft 5-year basin update was reviewed and refined for the final submission in December. Bandy stated the cost to complete the 5-year submission is \$250,000.
8. **Closed Session**
 - a. **Pursuant to California Corporations Code Section 14305(b)(2) – Personnel Matters:** The Board entered into Closed Session at 2:54 p.m.
9. **Open Session**
 - a. **Reportable Actions:** The Board reconvened to open session at 3:10 p.m. The Board agreed not to move forward with the establishment of a 401K Plan loan option.
10. **Adjournment**
 - a. **Regular Meeting Date at 2:00 pm – Monday, October 19, 2026:** With the next meeting date set and no further business to discuss, Bandy motioned to adjourn the meeting and upon unanimous vote the meeting adjourned at 3:11 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary