

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")  
MINUTES OF THE  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
HELD May 15, 2023

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

Directors Absent: Scott Shinner

Also Present: Pauma Band of Mission Indians Water Department Manager Ruben Bentancourt, Pauma Valley Community Services District ("PVCSD") Board of Director Richard Collins and Roland Skumawitz, Shareholders Steve Wehr, Ron Slifka, Janet Scott, Abelardo Teran, Charles Mathews, Ron Krohn, a zoom attendee by the name of Guest, Jeff Pape of Dudek, Office Manager Amber Watkins, and Water Quality Data Tech and Compliance Administrator 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 Apr 17, 2023 - Regular Meeting: Upon a motion by Kariya, seconded by Shoaff, the minutes of the Regular Meeting held on April 17, 2023, were approved as presented by unanimous vote.
4. **General Manager's Report:**
  - a. Operations Report: Bandy noted that he would condense the General Manager's Report by presenting only the Water Report and Account Totals.
  - b. Account Totals: Bandy noted the sales totals for the month of April reflect very little contribution from the agriculture tier 1 and the agriculture tier 2 units sold. Bandy noted the infrastructure charges along with the potable water units sold would account for the majority of the April revenue.
  - c. Water Report: Bandy noted that the Water Report for April depicted a higher percentage of units lost. Bandy also noted that a possible contributor to the slippage could be the aging meters throughout the district. Bandy suggested a meter replacement program be considered as a possible addition to the 5-year Capital Improvement Plan. Watkins noted that Well 42 had a minor leak at the check valve that has now been repaired, and that the Haciendas 4" meter has recently failed, both of these items likely contributed to the higher slippage.
5. **Financials**
  - a. B/S, P&L, 2 yr Comparison as of March 31, 2023: Watkins presented the Financial Report for review, and noted the current checking account balance outlined for California Bank and Trust ("CB&T") checking account does not reflect the \$642,000 as stated on the 3/31/2023 Balance Sheet. The current CB&T checking account balance will be reduced by \$100,000, due to FDIC concerns previously discussed. Knox suggested placing the \$100,000 into a money market fund to address the FDIC concerns while receiving a much better rate of return. Watkins also noted that three new Certificate of Deposit ("CD") accounts have been opened at three separate banking institutions allowing each account to remain within the FDIC limit. Watkins noted the accounts payable at \$72,991 and the Prepaid Customer Fees balance is currently at \$389,970, due to the pre-payment received from McMillan Farm Management. Watkins noted the Revenue and Expense Report reflected roughly 5,000 units of water sold in March. Watkins noted the cost associated with the Well Repairs was due to the refurbished motor located at Well

38, essentially allowing for RPMWC to have a backup motor. Watkins also noted the Site Maintenance expense is related to the purchase of gravel for placement at all well sites for weed abatement. Bandy noted that this first quarter has been difficult due to low water sales. Bandy also noted that Mathews has been kind enough to establish a draft rate study that will be reviewed soon by Bandy. Upon a motion by Knox, seconded by Kariya and unanimous vote, the Financial Report for March 2023 was approved as presented.

b. Banking institutions update: This topic was discussed during agenda item 5a.

6. **Ad-Hoc Committee Report:** Bandy briefly described the overall structure of the Ad- Hoc Committee, noted the importance of the participation and continued communication by both PVCSD and RPMWC. Bandy proceeded to discuss the recent Ad-Hoc Committee meeting that took place on May 11, 2023, noted the two participating PVCSD Directors Skumawitz and Lawston and the two participating RPMWC Directors Bandy and Knox. Bandy presented the PVCSD Committee attendees with a plan that would allow both entities to continue to work together by placement of an organizational restructure. Bandy noted that the PVCSD Ad-Hoc Committee attendees stated that the suggested restructuring plan was not amendable and that PVCSD would like to part ways with RPMWC. The Ad-Hoc Committee attendees proceeded to discuss the ownership of the office building where both PVCSD and RPMWC currently conduct business, with PVCSD claiming 100% ownership of the office building. Bandy noted that RPMWC is of the opinion that the office building was built jointly, both PVCSD and RPMWC have been depreciating the building for nearly 30 years and has captured the building as an asset. The PVCSD Board will place this topic on their agenda for the May 22, 2023 meeting. Bandy noted that in the interim RPMWC will continue to carry on the day-to-day needs, not sure how the daily business needs will be affected after the PVCSD meeting date. Bandy noted that he is hopeful that the building ownership will be resolved in a timely manner. Bandy has reached out to a former PVCSD/RPMWC General Manager, Ogden Watson who was the supervisor in charge at the time of the building project, to sign a sworn affidavit outlining the building details. All 4 committee attendees have agreed to a 6-month separation timeline. Bandy finalized his Ad-Hoc summary meeting by asking PVCSD Ad-Hoc Committee attendee Skumawitz if he would like to add any additional information. Skumawitz replied that he thought Bandy had covered the information discussed in the meeting accurately and had no additional comments. Knox stated that he has confirmed with the Certified Public Accountant, Paul Kaymark, that the audited financial statements reflect the building as a joint asset owned. Skumawitz noted that the PVCSD Board meeting scheduled for May 22 will address this topic as an action item to sort out the details. Kariya questioned Skumawitz if the action item will be discussed in open session or closed session. Skumawitz replied that the action item will be discussed in open session.

7. **SGMA Update:** Bandy asked Wehr to present the recent SGMA update to all in attendance. Wehr noted that a prior Special SGMA meeting was held earlier that morning awarding the development of the monitoring wells quote to the Stehly Brothers. Bandy noted that Geo Science would like to have more monitoring well locations within the basin, Bandy suggested an additional location near the Lazy H community, located at the east end of the District. Bandy also noted the current groundwater depth from the surface within the East end of the District has been recently monitored at 8.3 feet. Knox questioned the dollar amount budgeted for the legal fees. Wehr noted that legal matters are quiet for the moment and will know more in June.

8. **Closed Session**

a. Pursuant to California Corporations Code Section 14305(b)(2) – Personnel Matters. The board entered into Closed session at 2:38 pm.

**9. Open Session:**

- a. Reportable actions: Reconvened to Open session at 3:40 pm. The Board has discussed the financial implications and has agreed on a budget.

**10. Adjournment**

- a. Next Regular Meeting Date at 2:00 p.m. – June 19, 2023. With the next meeting date set and no further business to discuss, Kariya motioned to adjourn the meeting, motion was seconded by Knox and upon a unanimous vote the meeting adjourned at 3:42 p.m.

*Kim Alvarado*

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Kim Alvarado, Recording Secretary