

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD August 17, 2026

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

Directors Absent: None

Also Present: Shareholder Charles Mathews; Dudek Consultant Jeff Pape; 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:** Mathews stated the recent approval of the reallocation of water shares was not followed per the current policy set by the Board and asked the Board to rethink the use of the policy as is currently stated. Mathews suggested the Board take into consideration the significant replacement costs for the next five to ten years when approving the Capital Expenditure portion of the budget. Mathews asked the Board to review the current depreciation as stated in the Revenue and Expense statement. Bandy added that the Board has taken into consideration the cost associated with the replacement needs for both service laterals and main pipelines.

Shinner entered the meeting via Zoom at 2:17 p.m.

The Board continued to discuss the details associated with the replacement of both service laterals and main pipelines for future budgeting. Bandy questioned the timeline involved to replace the necessary service laterals and main pipelines. Knox suggested looking into the option of obtaining a line of credit. Bandy would like to continue the discussion in agenda item 5c and also suggested the upcoming Shareholder letter should include the need to replace aging infrastructure.

3. **Approval of Previous Minutes**

a. Minutes of June 15, 2026 - Regular Meeting: Upon a motion by Shinner, seconded by Kariya, the minutes of the Regular Meeting held on June 15, 2026, were approved as presented by unanimous vote.

b. Minutes of July 08, 2026 – Special Meeting: Upon a motion by Kariya, seconded by Knox, the minutes of the Special Meeting held on July 08, 2026, were approved as presented by unanimous vote.

c. Minutes of July 27, 2026 – Special Meeting: Upon a motion by Knox, seconded by Shoaff, the minutes of the Special Meeting held on July 27, 2026, were approved as presented by unanimous vote.

4. **Administrative Manager's Report:** Adams reported that an administrative assistant has been hired. Adams noted that the reservoir tanks 5-acre parcel has a cleanup underway with the removal of old parts and weed abatement. Adams noted the property looks great. Adams provided an update regarding Well 38, noting after several meetings with the State Water Resources Control Board – Division of Drinking Water ("SWRCB – DDW") a Corrective Action Plan for the nitrate maximum contaminant level exceedance has been developed and approved. Adams further noted that Well 38 was approved by SWRCB – DDW to be placed back into the potable system. Bandy inquired about the approved blending procedure. Pape explained the approved blending format that will be followed. Adams moved on to discuss the status of the fire flow requirements and system infrastructure for the El Rey Restaurant / Pauma Valley Trading Post commercial rebuild. Adams noted there have been several meetings with multiple parties to discuss the fire flow requirements and system infrastructure. Adams reported the will serve letter and conditions were sent upon receipt of the latest fire flow calculations from Symons Fire Protection, Inc. Pape further noted at this point RPMWC is waiting for the parties to comply. Adams lastly noted that she has received a written request from one of the property owners that owns the private

pumping station that sits on the reservoir tank site requesting to make some improvements to their pumping station power supply and requested some changes to the monthly billing to ensure they are not paying for all of the water loss within the shared pipeline. The Board further discussed and has asked Adams to create a draft agreement that would apply to both property owners.

a. Operations Report: Topic discussed in Agenda item 4c.

b. Account Totals: Adams reported the June Revenue of \$237,654 with 95,825 units of water sold and the July Revenue of \$ 259,474 with 102,629 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.

c. Water Report: Adams stated the slippage report reflects the year-to-date total units lost percentage of 2.41%. Adams noted a large portion of the slippage was attributed to the flushing of wells for water quality testing, service line leak on Luiseno Circle Drive and the failing of the meters at Well 38 and Well 41. Both meters were repaired as opposed to purchasing a replacement. Knox commented that the total units may reach over 800,000. Bandy questioned if all wells were operational. Adams stated yes. Adams also made note that she is awaiting a quote for updates to the cybersecurity.

5. Financials:

a. B/S, R&E, 2-year Comparison as of June 30, 2026: Topic discussed in Agenda item 5b.

b. B/S, R&E, 2-year Comparison as of July 31, 2026: Adams presented the financials for both June 30, 2026, and July 31, 2026, noting a cash total of \$1,577,778 as of July 31, 2026, and a cash total as of August 17, 2026 of \$1,635,000. Adams noted the Accounts Receivable as of July 31, 2026, of \$267,302 and the Accounts Payable of \$38,213. Adams referenced line-item number 117.7 – Construction in Progress that includes the cost for the administrative office lobby countertop installation. Bandy inquired if additional outside directional signage to the new office front door entry will be placed. Adams noted the signage has been ordered and should arrive in a few days. Mathews questioned if the depreciation expense takes into account the placed into service date for the Capital Expenditure. Adams noted the depreciation is adjusted at year end during the audit process. Adams will confirm the start date with the Certified Public Accountant. Adams noted the monthly shared expenses due to the Pauma Valley Community Services District (“PVCSD”) have not been settled for July. Adams made note that she has not received the anticipated SGMA invoice. Adams referenced line-item number 571.5 – USLRGMA Charges – pointing out the reimbursement revenue from the monthly invoices in preparation of the pass-through charge. Adams referenced line-item number 603.2 – Meter Repairs/Replacement – noting \$7,188 is the cost to repair the two six inch meters for the wells mentioned earlier, line item number 603.6 – Site Maintenance – with the cost of \$5,558 for cleanup of the laydown yard including weed abatement, line item number 605 – Water Test and Analysis – with the cost of \$9,500 for the second round of PFAS testing as required by the SWRCB-DDW, line item number 607.6 – Direct Employee Cost – noting there were three pay days in the month of July. Adams presented the unaudited Revenue and Expense Report – 2 Year Comparison for review. Upon a motion by Kariya, seconded by Shoaff and unanimous vote, the financial statements for June 30, 2026, and July 31, 2026, were approved as presented.

c. 2026-2027 Draft Budget: Bandy began the discussion by stating the draft budget is still in the early stages and noted that the Board is also taking into consideration the impact of the possible El Nino weather pattern this winter. Bandy suggested lowering the water sales to 700,000 units instead of the projected five-year average projection of 830,180 units to align with the anticipated El Nino weather pattern. Adams reviewed the Draft Budget Notes along with the Draft Model Assumptions. Adams also referenced the Schedule of Rates included in the Draft Budget packet for review. Knox questioned the cash on hand requirement of 1.6 million. Adams confirmed the amount is correct. Knox requested that Adams research the line of credit option. Shoaff questioned the dollar amount for line of credit. Knox noted \$500,000. After further discussion Bandy asked to schedule a finance committee meeting on Monday, August 24th at 10 a.m.

6. **RPMWC and PVCSD Update:** Bandy reported that a lease agreement has been reached with the PVCSD for \$1,500 a month for the use of the former CHP office location and the utility shop buildings. Adams noted the shared expense cost is averaging \$2,000 per month. Kariya questioned if the shared expense included the cost for the electric vehicle charging stations even though RPMWC does not utilize. Adams replied yes.
7. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that the next meeting/workshop is scheduled for August 18th with one of the topic items of discussion is the status of the 5-year basin update. Bandy further noted that Geoscience is on track for a timely completion of the report. Bandy stated that the focus of the SGMA effort is generating basin updates with an annual cost of \$80,000 and the required 5-year update with an associated cost of \$200,000 to stay in compliance. After further discussion Bandy will inquire about the upcoming annual invoice due from RPMWC.
8. **Adjournment**
 - a. **Regular Meeting Date at 2:00 pm – Monday, September 21, 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 3:29 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary