

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD August 18, 2025

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

Directors Absent: None

Also Present: Representative of the Pauma Band of Mission Indians Ruben Bentancourt; Shareholder Charles Mathews; Dudek Consultant Jeff Pape; Administrative Manager Amber Watkins and Office and Compliance Manager Kim Alvarado

1. **Call to Order:** Meeting was called to order at 3:00 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 July 21, 2025 - Regular Meeting:** Mathews requested a revision to agenda item 7. A motion was made by Kariya to approve the minutes with the revision, seconded by Shoaff, the minutes of the Regular Meeting held on July 21, 2025, were approved with the requested revision by unanimous vote.
 - b. **Minutes of July 25, 2025 – Special Meeting:** Upon a motion by Shinner, seconded by Kariya, the minutes of the Special Meeting held on July 25, 2025, were approved as presented by unanimous vote.
 - c. **Minutes of July 30, 2025 – Special Meeting:** Upon a motion by Shinner, seconded by Shoaff, the minutes of the Special Meeting held on July 30, 2025, were approved as presented by unanimous vote.
 - d. **Minutes of August 11, 2025 – Special Meeting:** Upon a motion by Kariya, seconded by Shinner, the minutes of the Special Meeting held on August 11, 2025, were approved as presented by unanimous vote.
4. **Election of Officer:**
 - a. **The Board will consider appointing the officer position of Treasurer:** Bandy nominated Kariya to serve as Treasurer in addition to the Vice President officer position, Shoaff seconded the nomination and upon unanimous vote the Board appointed Kariya as Treasurer. Watkins requested the Board consider a motion to remove the former Treasurer from the financial institution accounts and add Kariya for control and as an authorized signatory. Shinner motioned to update the financial institution accounts as requested, Shoaff seconded the motion and upon unanimous vote the motion was unanimously approved.
5. **Administrative Manager's Report:** Watkins provided an update regarding employee benefits, noting she has made the decision to switch to a different insurance broker that will provide multiple resources at no cost. The resources include human resources support, employee training and a dedicated account manager to assist staff from the benefit enrollment period forward. Watkins further stated she has worked with the broker in the past and is grateful to have the back-up support in place for all staff at no additional cost. Bandy inquired if Watkins was provided with a scope of work from the broker. Watkins stated yes. Watkins also noted the upcoming 401(k) annual review that will allow staff to meet with our Financial Custodian to help provide them with reporting information and answer any questions they may have. Watkins provided a follow up to the property owner that sits above the reservoir tank site disputing the reimbursement charges for electricity for the private pump station from 2023 and the backflow installation from 2024. Watkins made note that a water disconnection notice for non-payment was sent to the property owner with their July invoice stating that the water service is set for disconnection for nonpayment on August 25, 2025 at 10 a.m. Watkins also noted that she received a formal request from the property owner last week to provide a copy of the RPMWC Bylaws and to request the postponement of the water disconnection. Watkins stated that a response was quickly drafted informing the property owner that a postponement of the disconnection was not warranted.

and a copy of the Bylaws was sent with the letter via United States Postal Service Certified Mail. Watkins lastly noted she will monitor the account to see if a payment is received prior to the disconnection date. Watkins moved on to discuss the recent notification received by the Pauma Valley Community Services District (“PVCSD”) General Manager Steinlicht essentially notifying Watkins that PVCSD was going to update a network switch on Saturday, July 26, 2025. Watkins stated that after further email correspondence with the PVCSD General Manager Steinlicht and the RPMWC Supervisory and Control Data Acquisition (“SCADA”) consultant, Watkins made the determination to have the RPMWC’s SCADA system consultant remove the original SCADA computer from the PVCSD’s portion of the building that was originally left in that portion of the building to provide continued, uninterrupted use of the SCADA system for both RPMWC and PVCSD. Watkins further stated the RPMWC SCADA consultant was able to remove the computer without issue allowing the computer to be managed through the RPMWC server. Watkins lastly noted that PVCSD continues to utilize the antenna and master programmable logic controller to run their portion of SCADA and that the last update provided to RPMWC on their plans to establish their own system is still 120 days out. Watkins reported that the semiannual Lead and Copper testing of 20 homes will take place in September. Watkins noted that Alvarado has started the scheduling process with the property owners to confirm their availability on the date selected for the sample collection. Watkins made note that the State Water Resources Control Board – Division of Drinking Water (“SWRCB – DDW”) has confirmed that we are not required to complete a Corrosion Control Study at this time, but RPMWC must continue to conduct the semi-annual testing at 20 homes for the time being.

a. Operations Report: Watkins was happy to report that the small reservoir tank rehab project has been completed. Watkins noted the tank looks great and is currently in its curing stage, once completed the contractor will return to disinfect the tank and fill. Watkins also provided pictures of the completed work at the tank. Pape discussed the water quality testing procedure that will be completed prior to bringing the small reservoir tank back online. Kariya asked which contractor provided the work. Watkins noted Superior Tank Solutions. Watkins provided an update on Well 14R, stating the new sand filter system has been installed and once the water quality testing has been completed the well will be placed back into service. Watkins noted that Well 36 had a flow meter failure, a temporary meter has been installed allowing the failed meter to be sent to the manufacturer for repair. Watkins noted that Well 39 recently had a new motor installed and has been placed back into service. Watkins lastly noted as a result of two leak repairs that were completed by the Utility staff, there are two paving patches scheduled for this Wednesday near the back gate and on Womsi Road.

b. Account Totals: Watkins presented the July Revenue of \$256,231 with 106,213 units of water sold. Watkins stated the current year to date total units sold of 613,600 is 130,000 more units sold from the previous year to date total. Bandy added the total draw is tracking at 930,000 units by fiscal year end. Bandy questioned the Pauma Valley Country Club (“PVCC”) overseeding start date. Shinner stated the official kick off date is set for September 22nd with the placement of seed on September 29th through October 5th.

c. Water Report: Watkins reported that the flow meter failed at Well 36, likely affecting the units lost on the slippage report. Bandy inquired on the current well pumping levels. Pape noted he has met with the Utility Supervisor to discuss the current levels depicted via the SCADA system and has overseen a few minor adjustments as the higher demand for water is upon us. Pape further stated the water levels remain consistent with the well field only running once a day for the entire potable operational needs. Bandy asked if Watkins and Utility Supervisor Ferrara had a chance to meet with the new PVCC Superintendent. Watkins noted that she has been in contact with the new superintendent and will reach out to schedule a meeting to introduce herself and Utility Supervisor Ferrara.

6. Financials:

a. B/S, R&E, 2-year Comparison as of July 31, 2025: Watkins presented the financials for July 31, 2025, noting a cash total of \$1,577,268. Watkins stated the Accounts Receivable of \$273,416, noting the increase to line-item number 117.7 – Construction in Progress was due to the small reservoir tank rehab project at \$200,000. Watkins also referenced line-item number 150 – Due From PVCSD, stating the payment from the PVCSD has not yet been received. Watkins stated the Accounts Payable of \$162,519. Watkins noted the Revenue and Expense report reflects a year-to-date total revenue of \$ 1,225,288 and that the shared expenses with PVCSD for July have not yet been finalized. Watkins referenced line-item number 607.6 – Direct Employee Cost of \$72,314 for the month of July which included three pay days while still tracking for the annual budgeted amount of \$664,000. Watkins noted line-item number 613.1 – Lease Agreement with PVCSD captures the July hold over status rent paid of \$3,750.00 to PVCSD. Watkins noted line-item number 616 – Engineering and Maps cost of \$4,500 was related to the newly implemented requirement for the Cross Connection Control Plan that was submitted to the SWRCB – DDW keeping RPMWC in continual compliance. Watkins referenced line-item number 618.12 – SGMA litigation with the outlined cost of \$1,997.24. Watkins stated that the PVCSD has requested reimbursement for the cost of \$1,997.24 for a charge that dates back to January 2024. Watkins will review the original reimbursements from 2024 to confirm this has not yet been reimbursed prior to finalizing the July reimbursement request. Bandy questioned the explanation provided by PVCSD for the reimbursement request. Watkins received an email from PVCSD noting it was inadvertently omitted. Watkins provided the 2 Year Comparison for review. Upon a motion by Kariya, seconded by Shoaff and unanimous vote, the July 31, 2025, financials were approved as presented.

b. 2025-2026 Initial Draft Budget: Bandy began the draft budget review discussion stating that this presentation consisting of three scenarios should be considered preliminary. Bandy asked Watkins to further review the three draft scenarios with all in attendance. Watkins began the discussion with scenario number 1, noting this scenario would increase the basin draw to 900,000 units by year end allowing for a greater cost savings for all shareholders in Tiers 1 and 2. Watkins provided an overview of scenario 2, the Water Rates Model, that would include a rate increase of 3% across all tiers to address inflationary costs, taking into account the historical water sales percentages. Watkins then provided an overview of scenario 3, the Fixed Charges that would assume a 3% increase to all fixed charges addressing inflationary costs. Watkins noted the draft budget also entail the revenue from investment accounts, water stock transfer fees and delinquent payment charges while also taking into account the following costs; newly adopted Upper San Luis Rey Groundwater Management Authority fees, the annual fixed charges from the Yuima Municipal Water District, the Direct Employee Costs taking into account the Cost of Living Adjustments of 3% for all employees, the assumption of a two-year recovery of the prior year loss of \$164,000 that has been previously discussed and the Capital Improvements cost with a five year forecast to address some of the aging infrastructure needs. Watkins also referenced the Initial Draft Budget spreadsheets allowing for comparison of the current fiscal year's income/expense categories versus the projected fiscal years income/expense and an additional historical water rates model for comparison. Bandy stated the current fiscal year 2024-2025 projection beginning with the July figures should be a solid figure moving forward. Mathews questioned the final number provided for the forecasted increase on the fixed charges. After a brief discussion, Watkins and Pape will revisit the development of the projected costs for the forecasted increase on the fixed charges. Watkins reviewed the Capital Improvement Plan spreadsheet. Bandy made note that weather should also be a determining factor. Mathews suggested the Board consider the placement of a reserve account strictly for the Capital Expenditures, essentially safeguarding the funds for future needs. After further discussion the finance committee will meet on Monday, August 25, 2025 to review a template of the fully allocated customer model.

7. RPMWC and PVCSD Update: Bandy stated that the RPMWC Board met on August 11, 2025 in Closed Session to receive a follow up report from RPMWC Director Shinner on his recent meeting with the Pauma Valley Community Services District ("PVCSD") President Nelson and PVCSD Vice President Collins

regarding the extension of the office space and utility shop lease. Shinner reported that the discussion went well with all participating Board Members considering a rental fee of \$1,500.00 for the office space and utility shop area currently obtained by RPMWC staff. Kariya questioned if the discussion also included the ability to add two – one year lease extensions. Mathews questioned the implications to the RPMWC Balance Sheet with regard to the possible surrender of 50% of the office building ownership. After further discussion, the Board tabled the discussion.

8. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Bandy reported that last Friday the JPA committee met to finalize the previously drafted collection notice to include the outlined costs due from the recipients previously in receipt of the initial mailed certification request. Bandy noted the collection notice will be mailed out next week.
9. **Adjournment**
 - a. **Regular Meeting Date at 3:00 pm – Monday, September 22, 2025:** With the next meeting dates set and no further business to discuss, Bandy motioned to adjourn the meeting and upon unanimous vote the meeting adjourned at 3:55 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary