

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD July 17, 2023

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

Directors Absent: None

Also Present: Pauma Band of Mission Indians Water Department Manager Ruben Bentancourt, Shareholders Darlene Shiley, Charles Mathews, Bill Winn, 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 2:00 p.m. by President Bandy. This meeting was held in person and via Zoom.
2. **Shareholder Comments:** Knox noted that a correction must be made regarding a statement made at the Pauma Valley Community Services District ("PVCSD") Regular Board Meeting of June 26, 2023, by an outside accounting consultant, retained by the PVCSD. Knox noted that the accounting consultant stated that their firm located a discrepancy on the CalPERS monthly reporting of payroll that began in 2014, and insinuated that Amber Watkins was the cause of this vacation reporting error. Knox asked that the record reflect that Amber Watkins did not handle the payroll for PVCSD in 2014, the payroll was performed by the PVCSD Administrator Houser.
3. **Approval of Previous Minutes**
 - a. Minutes of June 19, 2023 - Regular Meeting: Upon a motion by Kariya, seconded by Shinner, the minutes of the Regular Meeting held on June 19, 2023, were approved as presented by unanimous vote.
4. **Administrative Manager's Report:**
 - a. Operations Report: Watkins informed that a community letter was drafted by President Bandy and was recently sent to all shareholders. The letter included updated contact information for RPMWC Staff. Watkins informed that the requested emails for both Watkins and Alvarado have recently been returned by PVCSD, Watkins informed that the totality of the emails have not yet been verified. Watkins reported that employment offer letters were presented to both Enrique Garcia and Jesus Verduzco, both employment offers were accepted. The Utility Department Supervisor, Jake Oehlert, continues to be employed with PVCSD, with RPMWC reimbursing 65% of the fully burdened rate. Watkins noted that a daily outline of all work performed will be implemented to capture the true percentage of work performed for both RPMWC and PVCSD. Knox noted that Watkins is currently working on the benefits package with Best, Best and Krieger. Watkins discussed the recent waiver of late fees/finance charges, noted that the current policy followed allows for a one-time fee waiver but does not outline the time frame nor the dollar limit. Watkins suggested a more formalized outline for staff to follow, allowing a shareholder to receive a one-time fee reversal, per calendar year with a limit of one hundred (\$100.00). Upon a motion by Kariya, seconded by Knox and unanimous vote, the revised waiver of finance charges policy was approved. Watkins moved on to discuss the recent signing authority request. Pape gave an example of the outline he has been given to follow, the outline has 3 categories: (1) authorization of contracts, (2) authorization of contract bids, (3) authorization for emergency response. Bandy asked Watkins to provide a written proposal for the Board to discuss at a future meeting. Mathews congratulated the RPMWC Board on the recent hiring of the four full time employee positions. Mathews questioned the associated cost difference with having four full time employees versus the prior cost sharing with PVCSD. Bandy noted that the cost associated with the four full time employees is a higher cost to RPMWC than the prior cost sharing with the PVCSD, with a remaining fiscal year cost of \$35,000. Watkins also noted that she is currently working on the employee handbook creation. Watkins gave an overview of the Utility items in progress or completed; the recent finalization of the fire hydrant

flushing and the effect this activity has on the Slippage Report. The other projects noted were that the initial round of weed abatement at all RPM sites has been completed, the exhaust fan at Well 14R has been replaced, and then explained the intermittent communication failure issues at Well 7R2 have been occurring through the Supervisory Control and Data Acquisition (“SCADA”). Watkins is waiting for a quote for a new transducer for this well site. Kariya asked if there is a way to tell if the part(s) are going bad prior to the inability of use. Pape noted that the SCADA system, by use of footage, will depict a quick change if an error is occurring instead of depicting the standard steady mode. Pape also noted that RPMWC should keep a spare transducer in inventory. Watkins noted that Utility is scheduled to replace the 4” water meter that services the Pauma Tribal field and that the current meter is failing and explained that a service line lateral leak (on Womsi) is being worked on today by utility. Watkins also noted that Temecula Valley Backflow has completed the 4” backflow device installation for the private water system that services the two property owners above the tanks. Pape informed the Board of a recent conversation with the two property owners, and suggested that both shareholders reach out to outside services for repair and maintenance needs. Watkins noted that she has received an asphalt repair quote from the Pauma Valley Country Club for repair work needed at the Pauma Valley Airpark. Shinner stated that the Pilot’s Association has noticed areas damaged by heavy trucks and a pipe leak. After some discussion, Bandy, Pape, Kariya, Shinner and Watkins will meet at the Airpark to visually inspect the area(s) of concern.

- b. Account Totals: Watkins presented the board with the June account totals, noted the total revenue at \$133,395 and the total water sales of 78,927 units.
- c. Water Report: Watkins referred to the water report, identifying the potable wells highlighted in blue and the non-potable wells highlighted in yellow. Watkins noted the slippage report reflects 82,095 units of water produced. Bandy noted that RPMWC is on track for budgeted sales of 660,000 units.

5. Financials

- a. B/S, R&E, 2-year Comparison as of May 31, 2023: Watkins presented the Financial Report for review, noted that the payables due to PVCSD for the month of May have not been agreed upon as of yet. Watkins noted that PVCSD has reimbursed RPMWC for the April and May dues. Watkins noted the accounts receivable at \$104,609 and the accounts payable at \$104,570. Knox noted a shareholder recently questioned why RPMWC has so much money, Knox clarified by replying to the shareholder that RPMWC receives an annual pre-payment from a large shareholder. Watkins reviewed a few line-item costs; a new 4” meter was recently purchased for the Haciendas HOA, the well repairs include the check valve repair cost at Well 42, office supplies is at a 50% cost sharing with PVCSD, and moving forward all office supplies will not be a shared expense as the two entities operate independently from each other. Knox questioned the needed equipment purchases. Watkins noted she is exploring multiple proposals for a Xerox business copier with an all-inclusive service and maintenance agreement. Shinner suggested highlighting the Board packet material to be discussed. Upon a motion by Knox, seconded by Shinner and unanimous vote, the May financials were reviewed at this time, not approved until further review at a later date.

- 6. **RPMWC and PVCSD Update:** Bandy began the discussion by noting the multiple Ad Hoc meetings that have taken place over the last month. The meeting topics have discussed the day-to-day office sharing on a step-by-step basis and to be considered an amicable conversation/meeting. Bandy noted that the PVCSD have asked RPMWC to vacate the temporary office in the board room and move into the former California Highway Patrol (“CHP”) office space in a 30-day time frame. Bandy stated that RPMWC has asked for a 90-day time frame, PVCSD will need to further discuss this request as a Board. Bandy noted that PVCSD is still stating that they own the entire building due to the name on title. Bandy stated that currently, the PVCSD Ad Hoc

committee members are trying to schedule a joint meeting with the PVCSD and RPMWC attorneys to discuss the current office building ownership status. Bandy stated that he would like PVCSD to reconsider their current position taken. Bandy also discussed the recent Memorandum of Understanding prepared by PVCSD, noted the harsh tones used within the context and insinuating that RPMWC would basically be a tenant. Bandy also noted that PVCSD has considered the withdrawal from the Upper San Luis Rey Groundwater Management Authority (“USLRGMA”). Bandy noted this would be unfortunate for the community as currently there are two votes between RPMWC and PVCSD and the withdrawal of PVCSD would remove one of those votes on the USLRGMA. Bandy also noted that PVCSD informed they would consider not withdrawing from USLRGMA if RPMWC offers indemnification stating PVCSD is not legally and or financially responsible moving forward. Shinner questioned the current expense cost occurred. Bandy noted the cost associated with the Groundwater Sustainability Plan is one million with the majority of the expense being covered by grant funding. Knox noted that RPMWC has set aside five hundred thousand for the SGMA legal expenses.

7. **SGMA Update:** Bandy noted the current activities taking place with the USLRGMA, the assembly of a public outreach committee, the development of a water savings committee involving the use of grant funds and the recent hiring of an individual to complete the Proposition 218 paperwork.
8. **Closed Session**
 - a. Pursuant to California Corporations Code Section 14305(b)(2) – Potential Litigation. The Board entered into Closed session at 3:17 pm.
9. **Open Session:**
 - a. Reportable actions: Reconvened to Open Session at 3:46 pm. The Board has authorized Bandy to draft a building ownership agreement.
10. **Adjournment**
 - a. Next Regular Meeting Date at 2:00 p.m. – August 21, 2023. With the next meeting date set and no further business to discuss, Kariya motioned to adjourn the meeting, motion was seconded by Shinner and upon a unanimous vote the meeting adjourned at 3:50 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary