

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD January 29, 2024

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

Directors Absent: Linda Shoaff

Also Present: Shareholders Charles Mathews, William Collier and Michael Esparza; Paul Kaymark of Nigro & Nigro; Steve Anderson of Best, Best & Krieger; Jeff Pape of Dudek; Administrative Manager Amber Watkins, and Office and Compliance Manager Kim Alvarado

1. **Call to Order:** Meeting was called to order at 1:59 p.m. by President Bandy. This meeting was held in person and via Zoom.
2. **Shareholder Comments:** Mathews noted that the Bylaws state that a rate adjustment should be implemented to recover from a previous year's loss in the subsequent year. Bandy noted the historical information used to create the current budget along with the involvement of the multi-tier structure. After further discussion, Bandy suggested a mid-year budget review.
3. **Approval of Previous Minutes**
 - a. Minutes of December 18, 2023 - Regular Meeting: Upon a motion by Knox, seconded by Kariya, the minutes of the Regular Meeting held on December 18, 2023, were approved as presented by unanimous vote.
4. **Draft 401K Profit Sharing Plan:** Bandy noted that this discussion will be tabled at this time as the draft 401K Profit Sharing Plan document was not received in time to allow the Board to review prior to discussion.
5. **Draft Audit Report for FY 2022 - 2023**
 - a. To be presented by Nigro & Nigro - Kaymark presented the draft 2022 – 2023 audited financial statements. During the review Kaymark discussed several of the notes located at the end of the report. Kaymark explained that SGMA – USLRGMA costs (SGMA JPA) totaled \$166,482 during the audit period. Kaymark referred to Note 7 which outlines this expense as a 90% reimbursement to Pauma Valley Community Services District ("PVCSD") as the JPA member agency. After further discussion, Bandy will draft a brief description for Kaymark to add additional language to Note 7. Mathews inquired on the legal review portion of the audit report, Kaymark noted some language will be added to incorporate this into the final draft. Mathews also commented that Note 6 needed some additional language as well to explain what RPMWC has been doing since the termination of the administrative agreement with PVCSD which ended in September 2023. Knox inquired on the day-to-day accounting practices overseen by Administrative Manager Watkins. Kaymark reported that Watkins is doing a great job. Kaymark also noted that Watkins took the lead throughout the entire audit process making the process flow seamlessly.
6. **After Hours and Holidays Contact Procedure:** As a follow up to the December 18, 2023, Board meeting, Watkins presented a draft After Hours and Holidays Contact Procedure for the Board's consideration. Watkins noted that if approved a copy of the procedure will be provided to PVCSD. After further discussion, a motion was made by Kariya, seconded by Knox and unanimous vote to approve the After Hours and Holidays Contact Procedure as presented.
7. **Administrative Manager's Report:**
 - a. **Operations Report:** Watkins noted that Utility is fully staffed and able to begin rotating the on-call duty. Knox noted that Utility Supervisor Eddie Ferrara received a great review by a homeowner in the Haciendas. Watkins informed that the annual meeting packets were mailed out last week, the returned proxies will be

placed in a locked box inside of the administrative office. Watkins reported that votes will be counted by Nigro & Nigro on February 26 after the 10:00 am deadline and prior to the start of the annual meeting. Watkins informed that RPMWC now has a total of five employees, and as such staff and Board members must complete the Sexual Harassment Prevention Training. Watkins asked that all certificates of completion be submitted by February 15, 2024. Watkins was happy to report that Well 43's submersible pump has been installed and the well is back online. Watkins also noted that Well 38 is still offline and awaiting SDG&E to restore the power service. Lastly Watkins noted that she is expecting to receive a quote for the chlorine alarm monitoring by use of the Supervisory Control and Data Acquisition system soon.

b. Account Totals: Watkins presented the Board with the December Account Totals, with a total revenue of \$98,636. Watkins noted that 45,545 units were sold in December, with the agriculture customers usage in tier 1 and the potable customers usage in tiers 1,2 and 3.

c. Water Report: Watkins presented the December slippage report noting that there was a meter read error from the previous month's meter read at Well 7R2 that has been corrected. Watkins also noted that the overall water loss for this fiscal year is currently less than 0.25%.

8. Financials

a. B/S, R&E, 2-year Comparison as of November 30, 2023: Watkins presented the financial report for both November and December for review, noting the payables due to PVCSD have been paid in full. Watkins reported a cash total of \$1,486,957 for December. Watkins noted the accounts receivable at \$116,707 and the accounts payable at \$79,735. Watkins proceeded to review the revenue and expense report, noting the recent costs associated with the annual chlorine maintenance and the triennial update to the Risk Management Plan. Watkins also noted that the employee payroll expenses, for both the utility department and the administrative department, have been segregated. Upon a motion by Kariya, seconded by Knox and unanimous vote, the November and December financials were approved as presented.

b. B/S, R&E 2-year Comparison as of December 31,2023: This topic was discussed in agenda item 8a.

9. **RPMWC and PVCSD Update:** Bandy noted there was minimal new information to report. Bandy noted that as of today's meeting PVCSD had not yet retained an appraiser for the office building.

10. **Upper San Luis Rey Groundwater Management Authority Update (SGMA Update):** Anderson stated that the Department of Water Resources approved the Groundwater Sustainability Plan. Anderson noted that this approval, many years in the making, is great news for the JPA.

11. Closed Session

a. Pursuant to California Corporations Code Section 14305(b)(2) – Potential Litigation, 1 case: The Board entered into Closed Session at 3:05 pm.

12. Open Session

a. Action Taken: Reconvened to Open Session at 3:53 pm. The Board discussed the operational needs of the Utility and Administration departments, different location options A, B & C and the necessities for RPMWC to have continuing operating with ease. The Board will meet on Friday, February 2, 2024, at 2:00 pm to discuss the Draft 401K Profit Sharing Plan.

13. Adjournment

a. Annual Meeting Date at 2:00 pm – Monday, February 26, 2024

b. Organizational Meeting Date at 2:30 pm – Monday, February 26, 2024. With the next meeting dates set and no further business to discuss, Bandy motioned to adjourn the meeting, motion was seconded by Knox and upon unanimous vote the meeting adjourned at 3:58p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary