

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD March 3, 2025

Directors Present: Chuck Bandy, Laurie Kariya, Bruce Knox, Linda Shoaff and Scott Shinner
Directors Absent: None

Also Present: Representatives of the Pauma Band of Mission Indians Ruben Bentancourt and Martina Garcia, Shareholder Charles Mathews; Paul Kaymark and Tyler Cook of Nigro & Nigro; 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 2:52 p.m. by President Bandy. This meeting was held in person and via Zoom.

Bandy thanked the entire RPMWC staff for their exemplary service provided during the recent San Diego Gas and Electric ("SDG&E") Public Safety Power Shutoffs. Knox also thanked the RPMWC staff for their preparation efforts.

2. **Shareholder Comments:** None.

3. **Election of Officers:** Bandy opened the discussion for nominations of officers for 2025. The Board approved the officers as follows; Chuck Bandy to continue as President, Laurie Kariya to continue as Vice President, Bruce Knox to continue as Treasurer, Linda Shoaff to continue as Secretary and Scott Shinner to continue as Director, the motions were made, seconded and unanimously approved.

4. **Draft Audit Report for Fiscal Year 2023-2024**

a. Paul Kaymark of Nigro and Nigro will present the draft audit report: Kaymark presented the revised 2023-2024 draft audit report with the Board requested note regarding the 401(k) Profit Sharing Plan. Upon a motion by Knox, seconded by Kariya and unanimous vote, the 2023-2024 draft audit report was approved as presented.

Kaymark and Cook exited the meeting at 2:56 p.m.

5. **Approval of Previous Minutes**

a. Minutes of January 29, 2025 - Regular Meeting: Upon a motion by Kariya, seconded by Shoaff, the minutes of the Regular Meeting held on January 29, 2025, were approved as presented by unanimous vote.

b. Minutes of February 6, 2025 – Special Meeting: Upon a motion by Knox, seconded by Shoaff, the minutes of the Special Meeting held on February 6, 2025, were approved as presented by unanimous vote.

6. **Administrative Manager's Report:** Watkins was happy to report that a new utility worker has been hired. This utility worker has experience working at some local water districts and possesses both of the required certifications for Water Distribution and Treatment. Watkins reported that she is currently collecting resumes for a part time Administrative Assistant and the newly created full time fourth utility worker position. Knox inquired about the number of resumes received. Watkins noted she has received over 100 resumes for the Administrative Assistant position. Watkins will start the interview process soon. Watkins noted the semi-annual lead and copper testing for February has been completed and that the 20 participating property owners will receive their finalized lab results once received by RPMWC. Watkins took a moment to express her and the entire staff's appreciation for the "Thank you / Staff Appreciation" luncheon hosted by a shareholder for all RPMWC staff and Board members. Watkins also thanked the Pauma Valley Country Club (PVCC) for going above and beyond to make the luncheon a wonderful event. Watkins provided an update to one of the

property owners that sits above the reservoir tank site; referencing her report from the January Board meeting stating that one of the property owners is disputing their portion of the backflow device installation invoice and the final demand for payment mailed to the property owner with a net 30-day payment due date. Watkins stated that there has not been a payment received from the property owner and that a lien notice was sent to the property owner last week. Watkins will provide another update at the April Board meeting. Watkins gave a follow up report regarding the December SDG&E billing issue that was previously discussed. Watkins reported that the January SDG&E invoices were received in a timely manner which allowed for a billing adjustment on the electrical pass-through charges for that month, which brought the year-to-date totals back into alignment with expenses. Watkins noted she would further discuss this during the financials item in this agenda.

a. Operations Report: Watkins reported that the chlorine alarm monitoring is conducted and documented on a monthly basis in accordance with the RPMWC Risk Management Plan (“RMP”). Watkins stated that the utility staff conducts monthly monitoring tests to ensure both the warnings and alarms trigger at the correct set points and that the information is transmitted through Supervisory Control and Data Acquisition system. Watkins explained that this allows for utility staff to quickly identify any issues that may arise with any of the chlorination equipment so that our service contractor can address and/or repair it as quickly as possible in accordance with our RMP. Watkins reported that a Womsi Road shareholder requested to have their service shut off for a contractor to make a repair, upon arrival utility noticed a substantial leak on the company side angle stop. Watkins reported that after further investigation the utility staff completed the emergency repair which involved the water shut off to multiple homeowners and a PVCC golf course restroom for the duration of the repair. Watkins further noted that this is a prime example of the aging infrastructure for the Board to consider during mid-year budget review. Kariya questioned if the utility staff had the needed parts on hand to complete the repair. Watkins stated that the utility staff needed to obtain a specific part but had the remaining items on hand. Shinner questioned if other districts would charge the shareholder for the time to complete the repair. Pape noted in this case the responsibility for the repair landed on RPMWC as the repair was on the service side. Watkins further noted that had the repair been the cause of a service side break by a third party, the shareholder would be issued a repair invoice. Watkins recently received an email from Shinner who had initially received a community member complaint regarding a downed tree between what is believed to be RPMWC and PVCC property. Watkins noted that after further investigation of the property boundaries she made contact with a contractor to have the fallen tree removed. Watkins lastly noted for informational purposes that a recent dig alert was received on behalf of Mediacom notifying RPMWC of work to be performed on Pauma Valley Drive (near the tennis courts) and Wiskon Way West involving the placement of conduit in the road near RPMWC’s potable pipelines. Watkins has required a meeting with the contractor performing the work to inform them they must hand dig and preserve in place the potable pipelines located within the work zone. Bandy questioned why the placement of conduit was not completed during the recent Pauma Valley Drive asphalt repair. Shinner made note that the coordination with Mediacom and the Pauma Valley Roadway Association matters are out of his control.

b. Account Totals: Watkins presented the monthly revenue for January of \$118,568. Watkins reported the total year to date units sold for 2024-2025 fiscal year of 189,403 which is 49,000 units more than this time last year. Watkins also noted the recorded rainfall total currently sits at two inches covering through the first of February. Bandy was pleased to note that the Agriculture Tier 1 dollar figure exceeded the units sold.

c. Water Report: Watkins stated that the year-to-date slippage report depicts 517 units of water lost with an overall percentage of -0.22% for the current fiscal year.

7. Financials

a. B/S, R&E, 2-year Comparison as of January 31, 2025: Watkins presented the financials for January 31, 2025, noting account 117.7- Construction in Process is the cost for the repair at Well 39 of \$83,011 was moved from last fiscal year to this fiscal year because the project was not yet concluded at year end. Watkins reported a cash total of \$1,561,218 as of January 31, 2025. Watkins noted the Accounts Receivable of

\$139,701 and the Accounts Payable of \$26,677. Watkins stated that the Revenue and Expense Report for both December 2024 and January 2025 do not yet include a final agreement for the shared costs with the Pauma Valley Community Services District. Knox questioned if the disputed dollar figure was considered low. Watkins stated yes. Watkins identified account 572 – Electrical Energy as the electrical pass-through charges billed to shareholders on a monthly basis that has been adjusted and is now on track after the December SDG&E billing issue. Watkins stated the line item 607.654 and 607.664 for both Administrative and Utility 401(k) straight company contributions have been segregated to capture a department cost. Watkins presented the 2-Year Comparison for review noting the line item dedicated to the management fee costs has been removed and is now captured as a Direct Employee cost. The financial statements were approved, seconded and unanimously approved.

8. Consider approval of the draft Employee Handbook:

a. Implementation of the Employee Handbook with the most up to date labor laws: Watkins referenced the discussion brought forth for the unveiling of the draft employee handbook at the January 29th Board meeting noting Shinner's request for an Arbitration Agreement within the employee handbook. Watkins was asked by the Board to confirm with counsel if the placement of an Arbitration Agreement should be considered. Watkins reported that counsel has suggested the Arbitration Agreement be implemented as a stand-alone document. After further discussion, Knox motioned to adopt the draft Employee Handbook as presented and to move forward with the creation of a stand-alone Arbitration Agreement, motion was seconded by Shoaff and approved by a unanimous vote.

9. RPMWC and PVCSD Update: Bandy reported that a mid-March meeting is scheduled with the finance committee members from both RPMWC and PVCSD to discuss the possibility of a long-term arrangement. Mathews suggested the finance committee members also discuss the previously noted liability possibly due to PVCSD. Bandy noted that he will discuss this with legal counsel.

10. Upper San Luis Rey Groundwater Management Authority Update (SGMA Update): Bandy reported that the JPA is now conducting their meetings on a quarterly basis. Bandy further noted that the annual draft basin report was prepared and reviewed with no need for revision and will be submitted to the State in April. Bandy noted that the plan requires updates at set intervals and are anticipated to cost \$250,000 then \$80,000 annually. Bandy also noted that the recent basin reporting from Geoscience revealed that ninety percent of the monitoring wells within the basin have recorded above average surface water and groundwater levels.

11. Adjournment

a. Regular Meeting Date at 2:00 p.m.- Monday, April 21, 2025: With the next meeting date set and no further business to discuss, Kariya motioned to adjourn the meeting, motion was seconded by Shoaff and upon unanimous vote the meeting adjourned at 3:28 p.m.

Kim Alvarado

Kim Alvarado, Recording Secretary