

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD April 29, 2019

Directors Present: Steve Wehr, Chuck Bandy, Son Do, Laurie Kariya and Bruce Knox

Also Present: Shareholders Jim Cipriano, Tom Cerruti, Bruce Frost, Larry Luther and Charles Mathews; Miguel Hernandez representing Pauma Band of Luiseno Indians; Paul Kaymark of Nigro & Nigro; Representing the PVCSD Board of Directors Sam Logan and Bill Jacobs; Jeff Pape of Dudek; General Manager Bobby Graziano and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 2:06 p.m. by President Wehr.
2. **Shareholder Comments:** Cerruti noted that he was not able to locate the agendas for the meetings on the new website. Cerruti was not aware that a Special Meeting was taking place prior to this meeting and asked for a report of actions. Wehr reported that Best Best and Krieger will continue to be retained as General Counsel for RPMWC and SGMA leverage was discussed. Graziano presented the website and will ensure that moving forward the meeting notice and agenda is on the home page and the transparency page. Frost believes that his meter is not functioning properly. The board instructed Graziano to adjust Frosts Feb bill to match typical usage by Frost for that same period and weather condition.
3. **Fiscal Year Ending October 31, 2018 Audit Report – Draft**
 - a. Michael Klein and Paul Kaymark from Nigro and Nigro – Kaymark introduced himself noting that he has over 24 years of experience and started with Nigro and Nigro last year. He presented the draft audit report noting that overall the financial statements look good. After a few questions were answered, Bandy motioned to adopt the Fiscal Year Ending October 31, 2018 Audit Report as presented, seconded by Wehr and unanimously approved. The final report will be posted on the website which is www.ranchopaumamwc.com
4. **Approval of Previous Minutes**
 - a. Minutes of February 11, 2019 – Special Meeting: Upon a motion by Kariya, second by Knox and unanimous vote, the minutes of the Special Meeting held February 11, 2019 were adopted as presented.
 - b. Minutes of March 18, 2019 – Special Meeting: Bandy noted that item 3a should reflect that placing a cap on exposures assisted in the decision made by both boards. Bandy motioned to approve the minutes of the Special Meeting held March 18, 2019 pending the change requested herein, seconded by Knox and unanimously approved.
 - c. Minutes of March 18, 2019 – Regular Meeting: Cerruti noted that the most pressing issue is that the board members terms get changed to a one year term. Do noted that all candidates names shall be printed on the proxy/ ballot. A motion was made by Wehr to approve the minutes of the Regular Meeting held March 18, 2019 pending the changes requested herein, seconded by Bandy and unanimously approved.
5. **Reports**
 - a. Sources and Usage Report: Presented for review. Graziano noted that no water is being purchased from Yuima MWD. Graziano also noted that April sales will be around 61,000 units.
 - b. Account Totals: Presented for review.
 - c. Slippage Report & Well Data: Presented for review. Graziano noted that the negatives on the report are due to the tank being drained and running off the small reservoir tank.

6. **Financial Report**

a. B/S, P&L as of March 31, 2019: Presented for review. Watkins reported that cash total is currently \$1,474,020; accounts receivable 47,287; accounts payable \$47,104. Watkins noted that reservoir tank repair supplies were purchased and that everything else was normal spending. Motion was made by Wehr to approve the financial statements as presented, seconded by Knox and unanimously approved.

7. **Operation & Discussion Items**

a. Bylaw Update: Graziano presented the proposed changes that he and Cerruti have come up with. Graziano invited the board to make recommendations before the next meeting. Wehr asked that all changes be submitted to Graziano by May 15th. Graziano will send a working document to all board members. Cerruti made mention that the proposed changes may require each board member to resign and be then appointed back to the board to activate the 1 year term.

b. TY Offer to Lease VO1 and VO2: Graziano noted that no further action has been taken on this matter. Bandy asked that extra water options be explored especially with the uncertainty of SGMA in the near future. A few years ago, Pape prepared different scenarios for water transfer options; Pape will locate the document and send out to the directors for reference. Pape also reminded that the Department of Health Rules and Regulations will not allow this source to be used in public drinking water system unless certain conditions are met. Pape is of the opinion that if this water was utilized it would be best to keep in the agriculture system.

c. Project Updates: Graziano reported that an understanding has been reached with PVCC for the Ag Transmission project. This will be scheduled in the near future with a completion date of Labor Day. Graziano reported that the potable pipeline project is currently underway; this project will increase the pipeline to a 12" diameter and increase the capacity from the east side of the District. Pape reported that he is waiting for the pricing which is currently held up by the parts needed. Pape did note that the tank welding was not as bad as presumed to be.

d. Capex Schedule: Graziano proposed a 4th vehicle for Utility Staff until Utility Supervisor retires in September 2020. Staff was asked to look at other options like certified pre owned and leases. Graziano presented the costs for upgrading the critical zones discussed last meeting. Pape noted that nothing is visible from the outside of the pipes and does not recommend cutting them open to investigate since they are coated with iron bacteria. At this time these figures are just for information.

e. Website Discussion: Graziano reported that in the past legal counsel advised not to place the minutes on the website. The board briefly discussed this topic and decided to leave the minutes on the website.

f. Annual PERS contribution: Graziano presented a letter to memorialize RPMWC's contribution toward the unfunded liability payments moving forward.

8. **Workshop**

a. RPMWC Foundational Elements: Graziano presented a demonstration to assist all board members in understanding the billing methodology.

b. Son Do's Review of Dudek Study: Do provided his extensive review of the Dudek study from 2015. Do feels that Dudek made a conservative decision and we followed that recommendation. Do believes that TY Yard 2 should have been studied better. Do recommends that the basin can sustain 700,000 billing units annual draw for 2019. Bandy supports trying a higher basin draw with the idea that can always revisit in the Spring and monitor with SCADA. Jacobs noted that the SGMA Scope of Work is not complete and needs to be enhanced before it goes out. Jacobs noted the next meeting is on Wednesday. Graziano noted

that the annual allocation enjoyed by the ag users could potentially mean that RPMWC would be on the hook for a substantial amount of units during the latter part of the fiscal, and would be risky from an operations standpoint. Bandy asked that the impact of 700,000 billing units on this structure be presented at the next meeting.

c. Basin Draw: This item was discussed earlier in the meeting.

d. Historical Groundwater Data: This item was not discussed.

9. **Adjournment:** With the next meeting date set for May 29, 2019 at 2 p.m. set and no further business to discuss and upon motion made, seconded and unanimously carried the meeting adjourned at 5:11 p.m.

Amber Watkins

Amber Watkins, Recording Secretary