

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD June 1, 2018

Directors Present: Charles Mathews, Brad Smith, Chuck Bandy, Son Do and Laura Kariya
Also Present: Shareholder Dave Mudgett; General Manager of PVCC Paul Devine and Superintendent of PVCC Scott Lewis; Jeff Pape of Dudek; General Manager Bobby Graziano and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 11:00 a.m. by President Mathews.
2. **Shareholder Comments:** Mudgett commented on the current rate structure. Mathews noted that RPMWC staff worked with all agricultural customers to ensure the set allocation met their projected day to day operation needs for each year and, in particular, had given up valuable easements and made other concessions to aid the operations of PVCC. Mathews noted that this rate structure has worked to stabilize the basin; and explained that import water is available for purchase should the need arise for PVCC. Mathews suggested that PVCC bring the potential buyer of the club to the next meeting and/or schedule a luncheon to discuss these items. Mudgett noted that Yuima MWD knows that an obligation to provide service for RPMWC is present. Devine suggested that an annual allocation be considered; Mathews asked staff to research this item and consider separating agricultural from domestic; Pape cautioned that in peak months we may not have the capacity to deliver to all shareholders.
3. **Approval of Previous Minutes:**
 - a. Minutes of April 20, 2018: Bandy noted that Item 4b should reflect that we are currently under allocation in the month of March; Bandy also noted that 4i should reflect that the project is currently on hold. Upon a motion by Bandy, second by Kariya and unanimous vote, the minutes of the meeting held April 20, 2018 were adopted pending the changes requested herein.
4. **Operation & Discussion Items:**
 - a. Sources and Usage Report: Presented for review; Pape noted that we seem to be right on track for the basin draw.
 - b. Account Totals: Presented for review.
 - c. Slippage Report & Well Data: Pape reported that at the present demand level the basin seems to be sustainable and provided water level data for three years at Well 36 showing similar levels. Well 42 completely recovers when not in use; next week Well 42 will be turned off and Well 32 & Well 34 will run.
 - d. Easement for New Well 7R Site: Pape reported that we are waiting on the permit for Well 42 to determine if the chlorine station at Well 7R is still needed in the system; an update will be provided when available.
 - e. Well 42- Conversion to Potable: Graziano reported that the Source Water Assessment has been completed; Pape reminded that Well 31 will be abandoned and the potable status will be moved to Well 42.
 - f. SCADA: Pape reviewed the well sequence noting that Well 40 is not used until the peak of summer. Pape also noted that Well 36 and Well 38 are chlorinated.
 - g. Capital Projects: Graziano reported that 2 Toyota Tacomas have been purchased; fencing is underway at 3 wells. Quotes were obtained for the well upgrades previously discussed. Pape reported that the tank

rebuild specifications are 90% complete and will be presented in the next 2-3 months; Pape believes that work can be completed in December and January; job can be bid in November; Bandy cautioned Pape to ensure that other factors do not drag this project out any further than projected. Bandy noted that the prequalification process for the tank rebuild is to start as soon as possible. Smith suggested that contractors be prequalified; this would mean providing a projected schedule. Pape is certain that the small tank is able to sustain the water system during the project.

5. Financial Report

a. B/S, P&L as of April 30, 2018: Watkins reported that the total Cash Assets are \$1,241,827, Accounts Receivable of \$174,395 and Accounts Payable of \$121,751. Watkins noted that funds were removed from Vanguard and placed into 2 Certificates of Deposit; one 6 months and the other 12 months. Watkins noted that a new meter for one of the properties on Luiseno Circle has been installed; Mathews asked that staff verify with the CPA where these funds should be applied. Watkins noted that Well Maintenance reflects annual preventative maintenance for all wells and repairs made to Well 38 and Well 41.

b. Accounts Receivable: Watkins presented the accounts receivable report as of 04/30/2018. Watkins noted that everyone in the 61-90 day column had received a shutoff notice.

c. Capital Expenditures: Graziano reported that the depreciation schedule is a work in progress; also noting that the Well 42 costs were paid last year and reclassified by the CPA during the last audit. Do asked if any were in favor of using debt to fund capital projects as suggested by shareholder Knox at a previous meeting; after discussion it was decided to leave the policy as is.

6. SGMA Updates: Mathews reported that the boundary adjustment is in state legislature. A plan must be completed within the timeline constraints. Smith is part of the data collection team; the estimated funded for this is \$800,000; tribes will be contributing as well as the County and other agencies; Mathews noted that PVCSD and RPMWC would split the cost pending approval of both boards. Mathews motion to authorize one half of the SGMA support costs assigned to PVCSD in the amount of \$40,000 when the President believes there is a sound basis for spending the funds, was seconded by Smith and unanimously approved.

7. CLOSED Session

a. Discussion pursuant to California Corporation Code Section 14305(b)(2) Potential litigation- 2 items: Entered closed session at 12:40 p.m.

8. OPEN Session

a. Report Actions from Closed Session: Reconvened at 1:40 p.m.; counsel was instructed to draft a response letter to McMillan Farm Management in response to their letter dated May 21, 2018.

9. Adjournment:

a. Next Regular meeting date TBD: The next meeting date has been set for June 27, 2018 at 1:00 p.m. With no further business to discuss and upon motion made, seconded and unanimously carried the meeting adjourned at 1:45 p.m.

Amber Watkins

Amber Watkins, Recording Secretary