

Intent

It is the intent of the Board of Directors of the Rancho Pauma Mutual Water Company ("Company") to maintain a manual of policies and procedures. Contained therein shall be a comprehensive listing of the Board's policies, procedures, rules and regulations enacted by the Board from time to time. The Policies Manual will serve as a resource for Directors, staff and members of the water company in determining the manner in which matters of the Company business are to be conducted.

This Policies Manual constitutes a compilation of current policies of the Company and shall not be deemed to alter the effective date or application of such policies. Any policies newly adopted as a result of adoption of the Policies Manual shall be specifically identified as such by separate Board action prior to adoption of this Policies Manual.

Authority

If any policy or portion of a policy contained within the Policies Manual is in conflict with County, State or Federal law, rules or regulations having authority over the Rancho Pauma Mutual Water Company, then said County, State or Federal law, rules or regulations shall prevail.

Basis of Authority

The Board of Directors is the unit of authority for establishing policy within the Company. Apart from their normal function as a part of this unit, Directors have no individual authority. As individuals, Directors may not commit the Company to any policy, act or expenditure except in times of extreme emergency.

Directors do not represent any fractional segment of the community within which the Company is located, but are, rather, a part of the body which represents and acts for the community as a whole.