

RANCHO PAUMA MUTUAL WATER COMPANY ("RPMWC")
MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
HELD August 17, 2020

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

Also Present: Representing Pauma Valley Country Club CEO of Steele Canyon Larry Taylor; Jeff Pape of Dudek; General Manager Bobby Graziano and Office Manager Amber Watkins

1. **Call to Order:** Meeting was called to order at 10:02 a.m. by President Bandy via Zoom call.
2. **Shareholder Comments:** None.
3. **Approval of Previous Minutes**
 - a. Minutes of June 15, 2020 – Regular Meeting: Upon a motion by Knox, second by Wehr and a unanimous vote, the minutes of the Regular Meeting held on June 15, 2020 were approved as presented.
4. **Reports**
 - a. Account Totals: Presented for review. Graziano informed that Ag Tier 3 is McMillan Farm Management. Knox voiced a few concerns regarding the large amount of revenue being generated with the current rate structure; Graziano noted that next meeting will include a budget workshop as we begin to prepare for the new fiscal year. Graziano will present a model that will allow all to see in real time the effects of the proposed changes during the budgeting process. Do asked if the tiers were implemented because of the drought; Bandy informed that when the options were reviewed the multi-tiered allocation system was the option chosen as it ties the usage to the acreage of the property; Bandy also reminded that the board has the discretion to entertain any other rate structures. Do is in favor of the tiered system.
 - b. Water Report: Presented for review. Graziano reminded that Well 40 is now dedicated as non-potable to PVCC's open reservoir. Knox inquired on the slippage being so high, Graziano reported that the fire hydrants throughout the district are flushed twice a year. Upon review of the report it was determined that 770,000 total billing units will be used this fiscal year. Graziano noted that PVCC is set to begin over seeding mid-September and will increase their usage. Graziano explained that Well 38 was reconditioned with a new motor, pump, column pipe and was acid swabbed. Graziano noted that this is a chlorination point and the well has a large pumping capacity. Bandy asked about generator maintenance, Graziano reported that they are checked monthly by staff and semiannually by the service provider. Graziano did note that the system is not setup just yet to allow PVCC to run fully pressurized in the event of a power outage however, the reservoir tanks are always maintained full and 42 and 14 have generators.
5. **Financial Report**
 - a. B/S, P&L as of May 31, 2020: Watkins reported that cash total was \$1,060,934. Watkins noted Accounts Receivable totals were \$156,493; Accounts Payable totals were \$66,641.
 - b. B/S, P&L as of June 30, 2020: Watkins reported that cash total was \$1,115,181. Watkins noted Accounts Receivable totals were \$172,879; Accounts Payable totals were \$60,972.
 - c. B/S, P&L as of July 31, 2020: Watkins reported that cash total was \$1,149,862. Watkins noted Accounts Receivable totals were \$218,046; Accounts Payable totals were \$119,165. Knox asked staff to review investment options to maintain the cash below the FDIC limit at banking institutions. Watkins reported that since March 2020 no finance charges have been charged to Shareholders in lieu of COVID-19. Watkins noted that the increase in water sales is due to McMillan Farms reaching tier 3 rates on their annual allocation. Watkins reported that the CalPERS Unfunded Liability Annual Payment was made in July.

Upon a motion by Wehr, second by Knox and unanimous vote, the financial reports for May, June and July 2020 were approved as presented.

6. **Transfer of Underutilized Water Allocation**

a. Consider approval of requested transfer: Graziano reported that a request was received for Pauma Valley Country Club to transfer shares from Pauma Valley Investors until year end. A copy of the written request was provided to the Board. Taylor explained that this is an annual agreement. A typo was noted on the agreement dated August 1, 2020 the agreement end date will be October 31, 2020. A motion was made by Knox to approve this transfer request with an end date of October 31, 2020, motion was seconded by Wehr and unanimously carried.

7. **General Managers Report** – Graziano presented his report. Knox took a moment to announce that he will be running for the Yuima MWD board. Graziano reported that SGMA is moving forward in conjunction with the timeline that was provided. Do suggests that a quarterly review be conducted to review the data that is being collected and ensure that the consultant is working towards the end goals of the group. Graziano explained the status of the mapping effort being done with the utility staff. Pape and Graziano are working to determine if Well 40 can pump more water sustained to continue to alleviate the burden on the potable well field. It was suggested that staff fill the Utility Department vacancy before the long time Utility Department Supervisor retires in September. Knox noted that he is recusing himself from the Well 7 discussions due to his view easement with the Club. Graziano informed the board that he has met with Club leadership a number of times over the last year to discuss their irrigation improvement plans. PVCC is currently not using the TY Nursery water from the V/O Well as their consultant advised them not to. Stehly provided a bid to drill a new well near the 7R location which will be named Well 7R2. If the new well can produce 300-500 gpm then the project will be a success and will provide a mid-district potable well, and a source to supply the Club with additional flow for the back nine. Graziano also noted that the proposed Well 7R2 would replace Well 40 which is now dedicated to non-potable purposes. Graziano explained that 100% of our potable water comes from one zone within the district and that Well 7R2 will help diversify our sources of supply. Graziano highlighted that \$300,000 was set aside for a new well, and staff was previously instructed to identify a viable site. Graziano summarized the characteristics of the proposed site stating that electrical was in place, SCADA was in place, pipelines were in place, and adjacent drilling logs substantiate the high probability of good water production. Graziano indicated that PVCC would participate in the project as a joint venture. On behalf of the Pauma Valley Country Club Larry Taylor pledged \$100,000 towards the project. Bandy asked that this item be tabled until next meeting during the budget discussion. Pape noted this well is a good idea for long term viability and to take stress off of the potable well field.

8. **Capex Schedule** – Presented for review. Will be discussed further at the next meeting.

9. **Adjournment**

a. Next Reg Meeting Date- September 21, 2020 at 10 am: With the next meeting date set and no further business to discuss and upon motion made by Wehr, seconded by Knox and unanimously carried the meeting adjourned at 12:50 p.m.

Amber Watkins

Amber Watkins, Recording Secretary