

San Miguelito Mutual Water Company Minutes of the Board of Director's Meeting

9:04 A.M. Wednesday, October 17, 2018

I. CALL TO ORDER AND ROLL CALL

Meeting called to order by Board President John Delehant at 9:04 a.m.

Board Members Present: John Delehant, Rick Koon, Marvin St. Pierre, Gerri Hall, Rob Rossi, Ben Banks and Martin Suits
Board Member Absent: None
Staff Members Present: Michelle Edson, Accounting & Administrative Manager
Consultants Present: Tim Carmel, Legal Counsel, Josh Reynolds from Water Systems Consulting and Tim Cleath and Neil from Cleath-Harris Geologist
Guests: Indian Hill Residents: Heather Nelson and Sharon Suits, Heron Crest Residents: Bob Pusanik and Larry Bittner, Pelican Point Resident: Sherri Danoff, Kingfisher Residents: Robert Campbell, Jeanette Krone, Carol Hayden, Kathleen Munn and Max Munn, Quail Canyon Resident: Gary Garcia, Once Upon a Time Trustee, Paul Metchik and Rossi Enterprises, Steve Rossi.

II. PUBLIC/SHAREHOLDER COMMENT – Gary Garcia introduced himself and expressed his concerns on the dollars spent for the new wells, who authorized the second well, the sulfur smell from any blow off, the quality of the water and the cost differential when compared with State Water.

III. REVIEW and APPROVAL OF MINUTES

a. September 19, 2018 BOD Meeting – Motion to approve made by Marvin St. Pierre. Seconded by Rob Rossi. Motion passed 6 – 0. Banks abstained

IV. PRESENTATION ON PISMO FORMATION WELL WATER QUANTITY BY TIM CLEATH OF CLEATH-HARRIS GEOLOGIST – Power Point Presentation available online.

V. PRESENTATION ON PISMO FORMATION WELL WATER QUALITY BY JOSH REYNOLDS OF WATER SYSTEMS CONSULTING – Power Point Presentation available online.

VI. DISCUSSION AND CONSIDERATION TO APPROVE A GENERAL PROXY FORM – After a brief discussion and input from Board member and shareholders. Motion made by Martin Suits to approve the Proxy as printed with a change from *relinquishing your voting right* to *assigning your voting right* and an addition of *unless otherwise specified*. Seconded by Rob Rossi. Motion passed 7 – 0

VII. GENERAL MANAGER'S REPORT

- Administration

- 2019 Budget in process. Water use for 2019 is projected to increase 8%. Staff is generating revenue and expense numbers for review with the Financial Officer. Staff will present the Draft 2019 Budget at the November meeting.
- SMS short term contract was renewed as of September 30th
- Received two letters from shareholder Larry Bittner.

The first asked why shares are not issued to HOA open space lots having irrigation. SMMWC Bylaws are very clear as to the qualifications to be a shareholder and how out shares are assigned:

Section 3. QUALIFICATIONS FOR OWNERSHIP.

Any natural person or persons, partnership, association, corporation or other type of organization which is the owner of a lot or parcel of land situated within the Service Area shall be eligible to be a shareholder of the Company.

Section 4. STOCK APPURTENANT TO LAND.

Stock in the Company is appurtenant to the land. Every owner of a lot or parcel of real property within the Service Area of the Company shall be entitled to purchase a total of one share

for each: (1) separate residential unit (including each (a) apartment unit which is properly zoned as an apartment unit and which is in fact used as such, (b) living unit of a community, condominium or other cooperative type of multiple living facility, which unit is occupied by, or designed to be occupied by, a separate house, and (c) separate "commercial unit" located on the lot or parcel owned, (provided that each commercial unit, other than one leased by the owner of the entire lot or parcel, must be leased by a distinct party for a distinct commercial enterprise for such unit to constitute a "commercial unit" as such term is used in these Bylaws.) In no event shall a shareholder be entitled to purchase shares in a number either more or less than the total of all residential units, hotel and motel rooms, and separate commercial Units located on the owner's lot or parcel.

In other words, shares cannot be issued to these open space parcels without amending the Bylaws because they do not contain residential or commercial units. Additionally, the irrigation to these parcels is provided as a courtesy and is temporary in nature. Per SMMWC Water Conservation Resolutions, 2009-001, 2015-002, Stage III requires the discontinuation of the use of potable water for installation or irrigation of landscaping, turf areas or gardens.

- The second letter requested a written response prior to the October 17th regularly scheduled Board meeting and addressed the SMMWC Board of Directors opinion regarding Legal Counsel's remarks pertaining to the San Luis Bay Inn Timeshares. The Board cannot respond outside of a duly noticed meeting, with the item placed on the agenda. This item was placed on the agenda for discussion of Legal Counsel's research. The Board accepted Legal Counsel's findings with no action required.

- Operations

- Pelican Point leaking angle stops replacements continue. The project is 80% completed.
- Replaced a Pelican Point fire hydrant and a leaking gate valve.
- Installed safety nets at all lift stations and wet wells.

- Capital Projects

- Replaced valves at the wastewater plant.

- Additional Project

- SMS Sewer Service Contract – on hold
- Reclaimed Water Use Study – on hold
- Reserve Replacement Study – Developing an outline for a 10 year plan
- Marre House – Preliminary power design is being worked on.

VIII. FINANCIAL STATEMENT

The Board Management Report for September 2018 was presented by General Manager Rick Koon with the following highlights:

Cash and Reserve Funds as of September 30th, 2018, are:

Operating Cash	Operational Contingency Reserves	State Water Reserves	Capital Reserves
\$182,184	\$355,249	\$243,176	\$2,644,984

IX. BOARD MEMBER COMMENT –

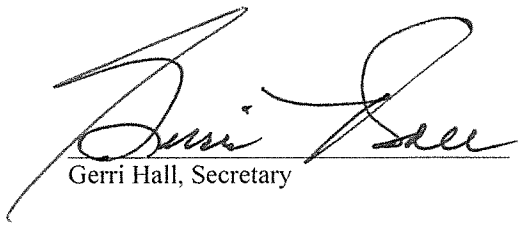
X. CLOSED SESSION - No reportable action

XI. UPCOMING BOARD MEETING AND AGENDA ITEMS

- a. November 14, 2018
- b. December 19, 2018

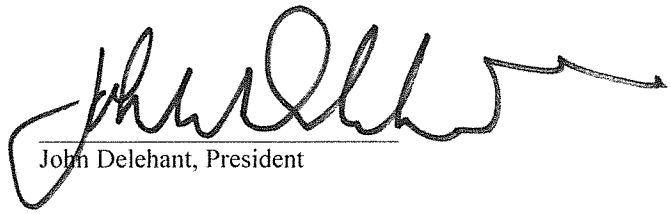
XII. ADJOURNMENT –Meeting was adjourned at 11.36 a.m.

Proceeding reported by:
Michelle Edson, Accounting & Administrative Manager
Respectfully Submitted,



Gerri Hall, Secretary

Approved:



John Delehant, President