Minutes of the Meeting
Of the Board of Directors of
Crestview Mutual Water Company
August 27, 2019

Convened Meeting

The meeting was called to order by President Steve Gill on Tuesday, August 27, 2019, at 3:13 p.m. at the Corporation office.

Attendance and Quorum

Directors Present:	Steve Gill – President Sol Chooljian – Vice President Doug Off – Treasurer Roger Whitlock – Secretary
Directors Absent:	None
Others Present:	Robert Eranio – General Manager Lauri Marino – Office Manager Gregory Patterson – Corporate Counsel: Musick, Peeler & Garrett Mike Rolls – Shareholder: Alviso Drive Susan Rolls – Shareholder: Alviso Drive Alma Quezada – Shareholder: Lopaco Court Steve Waldron – Shareholder: Avocado Place

Shareholder's Public Forum

Mike Rolls (Alviso Drive) asked about the gophers at the Well #7 site at 191 Alviso Drive. After the last board meeting, Robert Eranio directed operations staff to monitor the site closely. No gopher activity has been spotted since then. Sol Chooljian stated that due to limited staff and other priorities, gophers are not an issue that needs to be addressed. Discussion ensued. Steve Waldron asked for and received a copy of the current draft financial reports. He further asked about the Calleguas intertie project. Robert clarified the nature of the project. Lastly, Mr. Waldron asked about board member replacement. Sol Chooljian will report on this shortly.

Approval of Minutes

The minutes of the July 8, 2019 meeting were presented. On a motion made by Doug Off and seconded by Roger Whitlock, the Board approved with three ayes and one abstention the following:

Resolved, that the minutes of the meeting of the Board of Directors of July 8, 2019 be accepted as amended.

The minutes of the Executive Session of the meeting of July 8, 2019 were presented. On a motion made by Doug Off and seconded by Roger Whitlock, the Board approved with three ayes and one abstention the following:

Resolved, that the minutes of the Executive Session of the meeting of the Board of Directors of July 8, 2019 be accepted as amended.

Monthly Financial Review

The financial statements for July 2019 were presented and discussed by the Board. All significant variances compared to budget were reviewed and explained by Staff. Robert Eranio reported that Water Sales – Account #3012 are under budget due to mild weather.

Mid-Year Budget Adjustments

Robert reported that the original budget was approved by the Board with a $6,000 profit. Due to lower water sales this past winter, Staff projects a revenue shortfall of $111,000. On the expense side, unanticipated legal fees pertaining to the annual shareholders meeting, the Las Posas Basin adjudication, and Well #7 have exceeded the original budget. Staff is requesting a supplemental appropriation of $150,000 to cover expenses for the remainder of the fiscal year. Staff further discussed specific budget line items changing from expensed to capitalized, including loan interest expenses and origination fees. Staff forecasts that the fiscal year will end with an operating loss of $235,000. Crestview has strong cash reserves, including Calleguas reimbursements for the Well #8 project and the $1.5 million-dollar loan in place. Staff will look at the possibility of raising rates for the upcoming fiscal year. On motion made by Doug Off and seconded by Sol Chooljian, the board unanimously approved the following:

Resolved, that the mid-year budget corrections advised by Staff be accepted.

Board Member Replacement

Sol Chooljian is managing the board member replacement and succession plan, in compliance with AB 54 requirement and adherence to Crestview's bylaws. Candidates will be interviewed shortly.

General Manager's Report

Saticoy Spreading Grounds – Robert Eranio reported that United Water has concluded spreading approximately 17,500 AcFt of Article 21 state water. The basin has already seen positive results in that water levels have not decreased as quickly as expected.

Well #4 – Staff is operating less, and increasing the run time of Well #6 to avoid Well #4 going dry. Production is at 920 gallons per minute. The water table is falling.

Well #6 – Edison Efficiency testing showed the pump and motor to be operating at 66% efficiency, and will not require any repairs this winter.

Well #7 Project Update – Fox Canyon GMA approved Crestview's Well Construction Permit. The GMA has forwarded the approved permit to the Watershed Protection District. Jeff Densmore at the State Water Resources Control Board (SWRCB) has reviewed the project's hydrogeological opinion. The SWRCB commented that the Well should be moved 7 feet to the east. Jeff Densmore requested drill logs from Well #4; a variance is expected within the month.

Natural Gas Generator: Treatment Plant – The generator is in place. The gas line needs to be installed before the fire season begins this fall. County permitting is not necessary; Crestview is exempt.

Well #8 – The land purchase closed escrow on August 8, 2019. The $741,000 purchase price has been invoiced to Calleguas, and is in process for reimbursement. Robert Eranio asked for an opinion from Hopkins Groundwater regarding running Well #6 and #8 simultaneously. Hopkins concluded that a 15 foot draw down could happen under certain circumstances. Robert reported that Crestview's contractual commitments could be met.

Crestview to Calleguas Intertie – The project is in full operation. The control valve will be in installed soon, and Staff will flush the transfer main tomorrow to ensure readiness when necessary.

106 Encino Hydrant Relocation – The project is delayed due to City automobile insurance requirements and permitting issues. Diane Bovee has graciously agreed to allow the hydrant to be located on her property.

La Patera Drive Vault Pressure Reducing Valve Repair – Robert Eranio reported on the incident, which was a repair to the pressure reducing valve that originally did not require any residences to experience a water outage. Unfortunately, the adjacent line burst at 3:30 p.m. and neighboring shareholders were without water for 15.5 hours. Sol Chooljian reported on the hours each person worked. Discussion ensued regarding emergency notification procedures. With limited staff, system safety is the first priority. The job will be completed in late September; a vactor truck is needed to extract approximately 7 yards of mud and debris from the vault. Special thanks are extended to Letah and Jerry Harris (86 La Patera Drive), who provided food, drink and special treatment to Company staff during this difficult repair.

Adjournment

On a motion made by Doug Off, seconded by Roger Whitlock, and approved unanimously, the regular meeting was adjourned at 4:10 p.m.

Next Meeting

The next meeting of the Board of Directors will be held on Thursday, September 19, 2019 at 9:30 a.m. at the corporate yard office.

Submitted by,

Lauri Marino, Office Manager

Approved by,

Roger Whitlock, Secretary

Sol Chooljian FOR
Steve Gill, President