

Minutes of the Meeting
of the Board of Directors of
Crestview Mutual Water
November 29, 2021

Convened Meeting

The meeting was called to order by President Sol Chooljian on Monday, November 29, 2021, at 4:03 p.m. via Zoom video conference.

Attendance and Quorum

Directors Present: Sol Chooljian –President
Roger Whitlock – Vice President / Secretary
Doug Off – Treasurer
Alma Quezada – Director
Lauri Bennett - Director

Directors Absent: None

Staff/Counsel Present: Robert Eranio – Consulting General Manager
Lauri Marino – Office Manager
Gregory Patterson – Corporate Counsel: Musick, Peeler & Garrett

Shareholder’s Public Forum

Roger Chittum, Christine Cohen, Pat Ebener, Rafael Francke, Jim Lingl, Craig Reston, Mike Rolls, David Silkey, and the FMH Trust were present to observe the meeting. Christine Cohen provided an e-mail recently to Crestview regarding the Company’s financial statements, and the state of the Company's finances as reported at the last meeting. She has concerns that will be addressed by Crestview's accounting firm. Discussion ensued. Several e-mails were recently received from Roger Chittum; they have been taken under advisement. The e-mails were pertaining to the budget, the lowering of Well 4's pump, the last meeting's minutes, the banking of unpumped water, and inverse condemnation. Most of these issues will be addressed in today's meeting. David Silkey stated that he is interested in serving on the Board of Directors in the upcoming election at the Annual Meeting in spring of 2022. Jim Lingl has also expressed his interest on serving on the Board. Christine Cohen asked about her e-mail regarding the Open Meeting Act. Corporate counsel was to review and provide a response. Ms. Cohen also stated her wish that Board meetings continue on Zoom, because of size limitations of Crestview’s conference room, and the fact that shareholders are still being impacted by COVID-19 and must be safe.

Approval of Minutes

The minutes of the October 28, 2021 meeting were presented. Discussion ensued. On a motion made by Laurie Bennett and seconded by Doug Off, the Board unanimously approved the following:

Resolved, that the minutes of the meeting of the Board of Directors of October 28, 2021 be accepted as amended.

The minutes of the Executive Session of the meeting of October 28, 2021 were presented. On a motion made by Roger Whitlock and seconded by Laurie Bennett, the Board unanimously approved the following:

Resolved, that the minutes of the Executive Session of the meeting of the Board of Directors of October 28, 2021 be accepted as presented.

Conveyance of Water System Improvements

Robert Eranio explained the water system improvements provided from Crestview TD, LLC for Tract 5920 on Crestview Avenue and Corte Corrida. This occurs when a new development is built and improvements are added. Laurie Bennett asked if this document followed previous conveyances. The original Conveyance documents were drafted in 1995 and they have been used again as needed. The as-builts will be incorporated into Crestview's system maps. As there is no monetary transfer, the asset will be placed on balance sheet and added to Crestview's depreciation. On a motion made by Doug Off and seconded by Roger Whitlock, the motion passed unanimously with five ayes.

Resolution 2021-03 - Resolution Authorizing Grant Application - Well #8

Crestview, along with assistance from Calleguas Municipal Water District, filed for a \$2 million grant from the 2021 Urban and Multibenefit Drought Relief Program. Crestview's application is currently under review at the Department of Water Resources, along with hundreds of other applications. More than likely, there will not be enough money to fund all the requests. Greg Patterson reviewed the Resolution language and stated there is no down side for Crestview to submit the application. On a motion made by Laurie Bennett and seconded by Alma Quezada, the motion passed unanimously with five ayes.

Resolution 2021-04 - Resolution Authorizing Grant Application - Well #7

Robert Eranio stated that a project location for the new Well #7 site has not been identified, and without a project location, he cannot draft a project description or complete the grant application. Discussion ensued; the grant money can be used to rehabilitate other wells, such as Well #4 and the Treatment Plant. The awards start in mid-December. Sol Chooljian recommended that this item be tabled until a later date.

Amendment 2 - Crestview and Calleguas Delivery of Water

Robert Eranio presented Amendment #2 to the Calleguas – Crestview Well #8 contact, increasing funding from \$2.1 million to \$3.3 million, and adding one year in completion time for the project. Amendment #1 was removal of an emergency generator. Calleguas continues to vote positively for the project, passing unanimously. On a motion made by Doug Off and seconded by Laurie Bennett, the motion passed unanimously with five ayes.

Final Draft FY21/22 Budget

Robert Eranio reported that at the October meeting, Staff was directed to increase Tier 3 to provide funding for conservation efforts or programs. Robert explained that while the percentage spread between an average and high water user is not large, the dollar amounts are significant. The low water users will see a relatively small increase. The larger users will help us meet our conservation goals. Sol Chooljian mentioned that considering the current severity of the drought, Crestview may be subject to limitations on how much water we can buy from Calleguas in the future. We have been communicating our Company operations and pumping limitations to our shareholders for some time. The reduced allocation and higher rates will encourage conservation to a significant degree, and Staff was directed to provide regular updates as to conservation and cash flows so we can make a mid-year adjustment if necessary. A suggestion was received to sell 191 Alviso; along with a suggestion to not enact cost of living salary increases for employees at this time. Another suggestion was received to hire a consultant to be face-to-face with shareholders regarding conservation practices, based upon demographics. On a motion made by Doug Off and seconded by Roger Whitlock, the Board unanimously approved the following:

Resolved, that Crestview Mutual Water Company accept the proposed Fiscal Year 2021/2022 Budget as presented.

Well #4 Pump Lowering Proposal

Robert Eranio introduced a Staff report on how this project is a pump lowering, and not a well rehabilitation, or drilling the well deeper. One concern is the need to know if the well column is still plumb and straight, or if the pump will make contact with casing, which will lead to premature well failure. The 3 initial phases are to pull the existing pump and column; videotape the well casing, and check alignment. If the well casing is straight and plumb, then a new, upgraded pump could be installed to restore water production back to 1,000gpm. This would require the existing well motor to operate at 107% of nameplate. While it can be done, a tradeoff is more heat. The building at Well #4 does not have air conditioning; the plan is to run the well at night to avoid heat on the motor control center. Another option could be to move the well motor from Well #5 to Well #4. Water quality may change due to pulling water from a deeper level. Discussion ensued. Tolerances are tight, but taking it step by step would be the most conservative approach. Discussion ensued about the length of time it would take to complete the repairs; Robert estimated mid-April. On a motion made by Doug Off and seconded by Roger Whitlock, the Board unanimously approved the pump lowering proposal with five ayes.

General Manager's Report

Treatment Plant Repairs / Restart – Robert Eranio reported that several firms have provided an evaluation of the existing backwash tank and necessary repairs that would have to be completed prior to plant restart. An estimate of \$105,000 to \$130,000 in repairs and code compliance upgrades was received, along with a separate price of \$140,000 to replace the entire tank and install a new one.

Monthly Financial Review

The Board commented on P&L Budget as Compared to Actual shows a positive amount of approximately \$25,000 with eleven months of the fiscal year completed. The Board asked if there were any trailing expenses other than Edison. Lauri Marino answered that there were no other trailing expenses at this time. No further comments were received.

Adjournment

On a motion made by Sol Chooljian, seconded by Laurie Bennett, approved unanimously, the regular meeting was adjourned at 6:16 p.m.

Next Meeting

Discussion ensued regarding the numerous action items in place at this time. The next Board meeting will be held on Thursday, January 27, 2022.

Submitted by,

Lauri Marino, Office Manager

Approved by,

Roger Whitlock, Vice President / Secretary

Sol Chooljian, President