

Minutes of the Meeting
of the Board of Directors of
Crestview Mutual Water Company
May 25, 2023

1. Call to Order – Executive Session at 5:09 p.m.

2. Executive Closed Session

The Board in Executive Closed Session discussed the following matters:

- Personnel Matters
- Fox Canyon Groundwater Basin Adjudication Litigation

3. Adjournment of Executive Session

On a motion made by Director Alma Quezada, seconded by Director Sol Chooljian, and approved with four ayes, the Executive Session was adjourned at 6:05 p.m.

1. Convened Public Meeting

The meeting was called to order by President Frank Mezzatesta on Thursday, May 25, 2023, at 6:09 p.m. for an in-person meeting at the Hampton Inn, 50 W. Daily Drive, Camarillo, CA 93010.

Attendance and Quorum

Directors Present: Frank Mezzatesta – President
 Alma Quezada – Vice President
 Laurie Bennett – Treasurer
 Sol Chooljian – Director

Directors Absent: Roger Whitlock – Secretary

Staff/Counsel Present: Robert Eranio – Consulting General Manager
 Durrell McAdoo – Lead Water Treatment Operator III
 Lauri Marino – Office Manager

2. Shareholder’s Public Forum

Mike Rolls noted he was a member of the SAC; the SAC Report was submitted on May 17 to the Board. He commented that they never had close out SAC meetings, and he has no concept of what is in the final report. He did get to see an unredacted part of the report earlier in the week, and he wants to go on record that he does not endorse the report as written.

Nancy Schreiner called and complained about the redacted Ad Hoc Report and commented that the unredacted report was helpful. One objective of the report was to have shareholder input, and she felt that the shareholders were not able to provide comments. On page 4 of the 9-page report, she asked if the primary purpose is access to Zone 3, and stated she did not understand how the Zones connect. The location on page 5 has possibilities, but owner has not been contacted; it seems rational. On page 6, she asked about footnotes, as she could not find any on the report. Director Laurie Bennett responded that the notation was for square feet. Ms. Schreiner stated that the estimated project cost of \$20,000 for a mitigated negative declaration was really low and unreasonable; she further stated that there will be lawsuits – with Crestview, the HOA, or both. This should be factored into the costs. She inquired where the 1,500 square foot pump house is located. She also stated that one good site is publicly owned; there may be benefits with land use and zoning. She did not understand the fifteen-foot wall requirement in the report. The adjacent homeowners within the 600-foot radius to this location seem to be in support of the project. Another positive is the water line at the back of the Equestrian Center to the detention basin. Referring to the last site discussed in the report, there are no seepage pits within 600 feet. Ms. Schreiner asked if all information was known about the Springville Fault.

Kimberly Recharte stated that she is the property owner on Valley Vista Drive where the sinkhole is located at the rear of her property, where Crestview's water line crosses from Valley Vista to La Patera Drive. Ms. Recharte commented that she is not in agreement with Crestview's statement that the sinkhole is resulting from a County drain pipe under Crestview's water line. The sinkhole is not going to be an easy fix, and she wanted to encourage Crestview that if the water line needs be repaired, it should be done sooner rather than waiting for the sinkhole to be repaired, which will be a complicated process.

Katie Teague stated that the Final Ad Hoc Report was severely lacking in information; the financial information was poorly presented; there was no input from the resident experts on Staff, and the report did not have input from the Ad Hoc Committee Chair. There was no evaluation of water supply issues. Ms. Teague commented that she made her own report available via e-mail. The original vision for the site selection was not expressed; there was insufficient shareholder feedback, no different views, and the report is biased because some committee members have gone on record publicly opposing certain sites. Ms. Teague stated that shareholders should be involved, and asked how the Company will get shareholder input. Information presented only at monthly Board meetings is not going to work.

Steven Muro stated that Professional Fees continue to escalate, and asked if Crestview will find ways to curtail them. The Board thanked all shareholders for their input.

3. Approval of Minutes

The minutes of the Board of Directors meeting of May 4, 2023 meeting were presented.

On a motion made by Director Laurie Bennett and seconded by Director Alma Quezada, the Board approved with four ayes the following:

Resolved, that the minutes of the Board of Directors of May 4, 2023 meeting be accepted as presented.

The minutes of the Executive Session of the May 4, 2023 meeting were presented.

On a motion made by Director Alma Quezada and seconded by Director Laurie Bennett, the Board approved with four ayes the following:

Resolved, that the minutes of the Executive Session of the May 4, 2023 meeting be accepted as presented.

INFORMATION ONLY

4. Treasurer's Report – Information Only

Director Laurie Bennett, Treasurer, reported that on the Year-to-Date Profit and Loss report, there is an approximate \$440,000 loss, which is due to water sales being significantly below budget as a direct result of weather, and noted that during rain, the Company does not sell water. Director Bennett noted that the budget for water sales is historically based. In spite of this, the Company is in a good financial position due to significant cash reserves. Director Bennett noted that all cash reserves are insured. Discussion ensued regarding the collateralized funds held in an escrow account at Community Bank of Santa Maria for building a new well. Director Bennett affirmed that the Company is taking a close look at expenses and is always looking to cut back wherever it can.

5. Monthly Operations Report – Information Only

Water System Status

Durrell McAdoo, Water Treatment Operator III, reported that Treatment Operator Timothy Lewsadder is doing great so far; he is friendly, approachable, and smart, and invited shareholders that see him out in the field to stop by and say hello. Mr. McAdoo reported that static water levels for Well #4 and Well #6 are good; daily flows are increasing.

6. General Manager's Report – Information Only

Consulting General Manager Robert Eranio reported that on May 30, 2023 at 9:00 a.m., Board candidates have been invited to the Corporate Office for a meet and greet to address questions and concerns. Mr. Eranio reported that for the upcoming Annual Meeting, procedures have been formalized, and a contract in the amount of \$7,020 has been awarded to election official KHA Elections. The whole election process will be external; the date for the meeting will be set shortly. Mr. Eranio reported that water sales are increasing and will help build cash reserves going forward. He further noted that United Water's spreading ponds are full, and United will purchase more water from the State Water Project for groundwater recharge. He noted that next year, a strong El Niño is forecasted. Lastly, Mr. Eranio reported that he will be retiring from Crestview Mutual Water

Company after nearly 30 years of service; he thanked the shareholders and wished them all the best going forward.

7. President's Report – Information Only

Director Frank Mezzatesta, President, noted that at this time, he had no additional report.

8. Modified Election Proxy

Action Item – Approve modified proxy that has a few minor changes and approve going forward for this election any other minor changes or format changes that may occur.

Director Frank Mezzatesta, President, presented a modified double-sided proxy for the upcoming Annual Shareholders Meeting. Copies were available for shareholders in attendance. Director Mezzatesta noted that everything possible will be done to obtain a quorum to conduct business at the Annual Meeting. Some slight modifications were made by Corporate Counsel. Brief discussion ensued. The four new candidates for Board positions are Steven Muro, Ronald Rieger, David Stephenson, and Katie Teague; the current Board of Directors are also standing for election. On a motion by Director Frank Mezzatesta, seconded by Director Sol Chooljian, the Board approved with four ayes the following:

Resolved, that the Board approves and accepts the modified proxy as presented and approves any other formatting changes or minor modifications that may occur.

9. Ad Hoc Final Report Well Siting Process

Action item – The Ad Hoc Committee recommends the Board review information on 6 potential well locations reviewed by the Ad Hoc and Shareholder Advisory Committee.

Director Alma Quezada reported that the Ad Hoc Committee and Shareholder Advisory Committee have developed a Well Siting Report. With the presentation of this Well Siting report, the Company moves into a new phase. This process was new, different, and had not been done before. Sixteen shareholders were interviewed to be part of the committee. At this stage, the number of potential new well sites reduced from 22 potential sites to 6. Director Quezada expressed gratitude to the Committee members for their invaluable input. In the next phase, Crestview will engage experts to work to further reduce the potential well site number from 6 to 1. This decision will take many hours over many months and will not take place in one meeting. It is a very serious matter. Director Mezzatesta explained the reasons for the redactions in the report; the Company strives to provide as much transparency as possible. Discussion ensued regarding shareholder input regarding potential sites, especially to engage neighboring shareholders. Further discussion ensued regarding the appropriateness of discussing the well siting process in Executive Session. Corporate Counsel Jane Usher stated that discussions appropriate for executive session include third party contracts, real property negotiations, and potential litigation. Ms. Usher stated that it was noted in the shareholder's public forum that in addition to third party contracts and real property negotiations, the possibility of potential litigation now exists. Director Sol Chooljian noted that the foundation of

the Board may change in the future, and that the sitting Board at that time are elected to make decisions on behalf of the Company's shareholders.

10. Adjournment

On a motion made by Director Frank Mezzatesta, seconded by Director Sol Chooljian, and approved with four ayes, the regular meeting was adjourned at 7:18 p.m.

Shareholders in Attendance:


Brown, Joel
Chittum, Roger
Crosby, Craig
Douglas, Jeff
Hall, Tim
Muro, Steven
Recharte, Kimberly
Reid, Dave
Rieger, Ron
Rolls, Mike
Schreiner, Nancy
Teague, Katie

Submitted by,




Lauri Marino, Office Manager

Approved by,



Roger Whitlock, Secretary
Alma Quezada, Vice-President



Frank Mezzatesta, President