

Minutes of the Meeting
Of the Board of Directors of
Crestview Mutual Water Company
September 19, 2019

Convened Meeting

The meeting was called to order by Vice President Sol Chooljian on Thursday, September 19, 2019, at 9:30 a.m. at the Corporation office.

Attendance and Quorum

Directors Present: Sol Chooljian – Vice President
Doug Off – Treasurer
Roger Whitlock – Secretary

Directors Absent: Steven Gill – President

Others Present: Robert Eranio – Consulting General Manager
Lauri Marino – Office Manager
Gregory Patterson – Corporate Counsel: Musick, Peeler & Garrett
Alma Quezada – Shareholder: Lopaco Court
Mike Rolls – Shareholder: Alviso Drive
Nancy Schreiner – Shareholder: El Tuaca Court
Michelle Troncoso – Shareholder: Alviso Drive
Steve Waldron – Shareholder: Avocado Place
Kelly Wellman – Shareholder: La Patera Drive

Shareholder's Public Forum

Kelly Wellman (La Patera Drive) – Ms. Wellman expressed her concern that communications from Crestview MWC to all shareholders about the state of Crestview's current operating wells and the necessity of Well #7 were alarmist, and she did not appreciate it.

Nancy Schreiner (El Tuaca Court) – Ms. Schreiner made comments about "conflict of interest" regarding the "decommissioning" of Well #4. Staff responded that Well #4 is going dry and not being "decommissioned". Ms. Schreiner remarked that specific septic tank issues, as related to Well #7, might cost immediate neighboring homeowners \$50,000 to mitigate.

Sol Chooljian (Encino Avenue) – Mr. Chooljian stated that he has been a shareholder since 1987. In the past, Board meetings were held in the dining room of his residence. He spoke of the history of earlier annual meetings. He believes Crestview is doing a good job with shareholder communication, although shareholder perceptions may differ. He further noted that Well #7 at the Alviso Drive site has been discussed at Board meetings for many years.

Steve Waldron (Avocado Place) – Mr. Waldron expressed concern about board meeting date changes that vary from the fourth Tuesday of each month. The Board explained that unfortunately,

sometimes scheduling conflicts may occur among volunteer Board members. Gregory Patterson (Musick Peeler & Garrett) offered further comment that meeting dates are subject to change. The Board thanked Mr. Waldron for his concern and participation.

Approval of Minutes

The minutes of the August 27, 2019 meeting were presented. On a motion made by Doug Off and seconded by Roger Whitlock, the Board approved with three ayes the following:

Resolved, that the minutes of the meeting of the Board of Directors of August 27, 2019 be accepted as presented.

The minutes of the Executive Session of the meeting of August 27, 2019 were presented. On a motion made by Doug Off and seconded by Roger Whitlock, the Board approved with three ayes the following:

Resolved, that the minutes of the Executive Session of the meeting of the Board of Directors of August 27, 2019 be accepted as presented.

Monthly Financial Review

The financial statements for August 2019 were presented and discussed by the Board. All significant variances compared to budget were reviewed and explained by Staff. Consulting General Manager Robert Eranio reported that Staff made corrections to the budget that were authorized at the last meeting. Professional fees have increased \$150,000 for the remainder of the fiscal year. An operating loss of \$240,000 is projected, but Calleguas reimbursements, the construction loan for Well #7, and robust cash reserves keep Crestview in a strong cash position.

Resolution 2019-03

Consulting General Manager Robert Eranio retained Rincon Consultants to prepare a study to abandon Well #5 and concurrently drill Well #7. This project has been identified to incur no environmental impact, and is exempt from CEQA. The County of Ventura has reviewed the project, and has agreed with the categorical exemption noted in CEQA code Sections 15303 and 15304. Staff asked for the Crestview Mutual Water Company's Board to approve the County's findings as a simple procedural legal requirement. Nancy Schreiner (El Tuaca Court) stated that, in her opinion, the project is not categorically exempt, and stated that she is shocked that the County agreed to the categorical exemption. She disagrees with the Rincon report and the County's conclusion, and stated that a possible lawsuit could occur. Further, she completely objects to the resolution. Discussion ensued. It was concluded that if Rincon wrote a "whitewashed" report, Rincon would be out of business. Vice President Chooljian thanked Ms. Schreiner for the work she has done on this topic. On a motion made by Doug Off and seconded by Roger Whitlock, the board approved with three ayes the following:

Resolved, that Resolution 2019-03 be Accepted, Regarding the Findings of Categorical Exemption in Accordance with CEQA for Well #7, dated November 8, 2018: Sections 15303 and 15304.

Resolution 2019-04

Corporate Counsel Gregory Patterson explained the process of providing language for a resolution to the Las Posas Hills HOA to amend the existing CCRs to add language to Section 16 that would allow the drilling of Well #7 at 191 Alviso Drive. If the HOA board approves the proposed amendment, all other sections, restrictions and rules would remain in full effect. Discussion ensued. Consulting General Manager Robert Eranio commented about the continuity of the excellent track record of Well #4 on Alviso Drive: there have been no complaints, and that speaks to the impeccable reputation of Crestview. Mike Rolls (Alviso Drive) commented that he did not like the condition of the working yard at Well #6 when he looked at it after the initial focus group meeting. Discussion ensued. The resolution was tabled at that time, subject to further discussion in Executive Session due to potential litigation.

Board Member Replacement

Vice President Sol Chooljian stated that he has been working on updating the Board Member Responsibilities document in accordance with new state and local ordinances. The list of qualified applicants comprises the individuals that were candidates at the last annual meeting. The Board appointed an ad hoc subcommittee to approach candidates about interest, background, and qualifications. The Board agreed to this approach going forward. The subcommittee will report back to the Board.

General Manager's Report

Well #4 – Providing 23% of district supply, which is half of what it used to be. Water levels are checked weekly; water levels are dropping 2 feet per month. At this rate, Well #4 has 5 months left at reduced capacity before it must be shut down. The aquifer is being drained; October is the heaviest water usage in the County. Crestview's goal is to get to the end of the year and use up the Company's Fox Canyon GMA allocation, and then purchase Calleguas water per Crestview's standard pattern.

Well #6 – Remains Crestview's primary water source, providing over 75% of water system demands. Currently, the Company has over 150 feet of water still left above the pump, primarily as a result of the well design that was drilled to the bottom of the aquifer.

Well #7 Project Update – There is an alarming amount of misinformation regarding Well #7 due to inaccurate information on social media. Crestview is not abandoning Well #4; when Well #4 goes “dry”, the Company will let it rest to recharge and allow water levels to return to a more historical level. Further, allegations that the Well #7 project will cost certain homeowners \$50,000 in advanced treatment is inaccurate. Staff is working with the State Water Resources Control Board and the County to identify the depth and thickness of the clay layers that will provide barriers to possible well contamination. Based upon the drill logs from Well #3 and Well #4, showing several hundred feet of clay, it is likely that there will not be any additional restrictions placed on neighbors for advanced septic tank treatment. Michelle Troncoso (Alviso Drive) commented that she relies on information from the "nextdoor.com" social media app. Ms. Troncoso was adamant that she does not want a well drilled at Crestview's 191 Alviso Drive site. She further stated that only disadvantaged neighborhoods have wells in them, but not affluent neighborhoods such as the one she lives in. Sol Chooljian stated that Crestview's Board has

has communicated the need for a new source of water at that location, and the Company strives to provide transparent communication. Crestview MWC is a member of Las Posas Hills HOA. He further stated that there has been no communication from the HOA about legal fees incurred due to future problems with the Well #7 project. Mr. Chooljian affirmed that all 620-plus shareholders of Crestview Mutual Water Company will be impacted by not drilling Well #7, as opposed to certain members of the HOA being against the project.

Natural Gas Generator: Treatment Plant – The generator is installed. The gas line is installed to the wall. So Cal Gas is waiting on confirmation of exemption from permitting from the County of Ventura Building and Safety prior to installing the gas meter. Once installed, Zones 3B and 3E (the upper part of Valley Vista Drive, Vientos Road, Estaban Drive, and Cerro Crest Drive) can be served water during anticipated PSPS rotating power outages from SCE during Santa Ana wind events. Staff has been following up diligently with the Gas Company and the County.

Well #8 – In preliminary design. The permitting process has begun with the City of Camarillo. Staff will be scheduling a meeting with the City to identify whether Crestview will be required to obtain a Conditional Use Permit or a Zoning Clearance.

Crestview to Calleguas Intertie – The vault is set. The 12 inch line must be relocated to line up with the vault. The SCADA panel will be mounted as the next step for this project. Operations staff has flushed the transfer main. Testing of the Calleguas line will occur shortly.

La Patera Vault – Approximately 7 yards of mud and debris were removed from the vault, which needs to be rebuilt. This will occur with a scheduled shutdown for the 17 homes affected. The Well #3 transfer main will be energized; it has been offline for twenty years.

106 Encino Fire Hydrant – The permit was received yesterday from City of Camarillo. Staff will coordinate with homeowner Diane Bovee and Elite Contractors to complete this job.

Adjournment

On a motion made by Doug Off, seconded by Roger Whitlock, and approved with three ayes, the regular meeting was adjourned at 11:40 a.m.

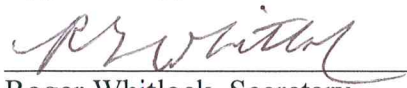
Next Meeting

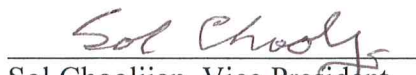
The next meeting of the Board of Directors will be held on Tuesday, November 5, 2019 at 4:00 p.m. at the corporate yard office.

Submitted by,


Lauri Marino, Office Manager

Approved by,


Roger Whitlock, Secretary


Sol Chooljian, Vice President