

Minutes of the Meeting
of the Board of Directors of
Crestview Mutual Water Company
March 22, 2023

1. Call to Order – Executive Session at 5:00 p.m.

2. Executive Closed Session

The Board in Executive Closed Session discussed the following matters.

- Personnel Matters
- Potential Litigation
- Fox Canyon Groundwater Basin Adjudication Litigation
- Professional Services Agreement

3. Adjournment of Executive Session

On a motion made by Alma Quezada, seconded by Laurie Bennett, and approved unanimously, the Executive Session was adjourned at 5:53 p.m.

4. Convened Public Meeting

The meeting was called to order by President Frank Mezzatesta on Wednesday, March 22, 2023, at 6:05 p.m. for an in person meeting at Hampton Inn, 50 W. Daily Dr., Camarillo, CA 93010.

Attendance and Quorum

Directors Present: Frank Mezzatesta – President
 Alma Quezada – Vice President
 Roger Whitlock – Secretary
 Laurie Bennett – Treasurer

Directors Absent: Sol Chooljian – Director

Staff/Counsel Present: Robert Eranio – Consulting General Manager
 Linda Delorey – Stand In Office Manager
 Durrell McAdoo – Water Treatment Operator II

5. Shareholder's Public Forum

Roger Chittum distributed a Well #8 noise graph from the documents that Crestview filed with the city towards our permit. He stated the building as proposed will not meet the nighttime limit on operational noise. The consultant who made the graph suggested an alternate building design to meet the noise limits but the City would likely find it unacceptable aesthetically. John Melton commented on Mr. Chittum's remarks that he has submitted plans which initially were not in

compliance many times and that there is much back and forth between builders and the city during the permit process. A settlement with the city has always been worked out in the end. Mr. Chittum asked what Crestview meant in its February 24 letter to the City when Crestview stated “Crestview will step into the shoes of any neighbor whose septic system repair or replacement encounters any issue arising out of Well #8”?

Katie Teague wanted to let everyone know that she is throwing her hat in the ring to run for a board position. Also, she said she sent in a suggestion that Crestview offer a rebate of \$10.00 or \$25.00 to shareholders for returning their proxies to further our attempts to get a quorum at the Annual Meeting. She offered to start a go-fund-me page if we are prohibited from spending company money to induce people to send in their proxies.

Director Frank Mezzatesta said that he heard her and mentioned that he has some other ideas for achieving a quorum. He also wanted to thank those in attendance for being engaged shareholders.

Steven Muro suggested additional financial reports be distributed in the Board Packet. Specifically he wanted to see P&L Year to Year and P & L Month to Month Comparison.

Robert Eranio, Consulting General Manager, mentioned that we had just this month reduced the number of financial reports to improve efficiency.

Steven Muro believes that having a multiyear look at the financials will add clarity and reduce questions. He further asked the question of whether the Crestview board had taken a position on the HOA election. Frank said that there was no official board position.

6. Approval of Minutes

The minutes of the Board of Directors February 23, 2023 meeting were presented.

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

Resolved, that the minutes of the meeting of the Board of Directors of February 23, 2023 be accepted as presented with minor typo revisions.

The minutes of the Executive Session of the February 23, 2023 meeting were presented.

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

Resolved, that the minutes of the meeting of the Executive Session of February 23, 2023 be accepted as presented with a minor typo revision.

7. AdHoc Working Document Report Well Siting Process

Action item – Staff recommends receiving report from AdHoc Committee as to six remaining possible future well locations and provides direction to AdHoc Committee to develop a Preliminary Report for each location with input from SAC.

- The Shareholder Advisory committee has narrowed the list of potential well locations from 21 locations, to six. The Ad Hoc Committee is requesting the Board accept the Ad Hoc Working Document accepting the SAC's recommendations and directed the Ad Hoc Committee to develop a Preliminary Report to be presented at the next Board Meeting.

Director Alma Quezada passed around handouts of the siting process original graph approved by the board. On the flip side it presented the same information in what was hopefully a clearer presentation.

Director Quezada mentioned that last month the Shareholder Advisory Committee presented the list of their recommended potential well sites, and the committee members have a working draft of the progress so far which they are allowed to share with any shareholder.

Robert Eranio, Consulting General Manager, stated that the Staff Report that was presented at the last Board meeting identified seven site locations and that at the next board meeting an AdHoc Committee Preliminary Report would be released. It will contain some rough cost information to help determine if any other sites should be dropped. Mr. Eranio and Director Alma Quezada will be meeting with the Shareholder Advisory Committee and incorporating their feedback of the draft report prior to the report being presented next month.

The Working Document on Well Siting evaluation process and findings of Shareholder Advisory Committee to date was presented.

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

Resolved, that the Working Document on Well Siting is accepted as presented and the AdHoc Committee to proceed with development of the Preliminary Report with shareholder feedback and time to review and will be presented to the Board at the next Board Meeting. The Preliminary Report will describe the advantages and disadvantages of the remaining six (6) potential well locations along with rough cost estimates.

8. Direction for Procuring Election Official

Action item – Staff recommends the Board discuss all options and vote on a direction forward. A good faith attempt has been made to find a company to be our election official, but one has not been found or identified. Some of the options are:

- A staff member be appointed as the official like most other mutual water companies,
- We can contact the individual we used last year,
- Staff can continue the search,
- Or, we can appoint a shareholder subcommittee to do the search.

Director Frank Mezzatesta reported that he has met with people from three other mutual water companies. One is Pleasant Valley and the other two are agricultural water companies. All three are able to hold their board meetings in a boardroom of office size with five or less customers in attendance. They run their elections by having the staff count the ballots with a few shareholder observers (similar to poll watchers). They all have no trouble reaching quorums.

In regards to finding a company to be our election official, Director Mezzatesta would like the board to discuss the issue and decide on a direction.

First, Director Mezzatesta reiterated that he has called four companies and ultimately gotten no response. He did talk to a shareholder since then and gotten a referral to a lawyer who gave him a referral to another lawyer who said she might be interested. However, she showed a lack of understanding of the complexities of our proxy method of voting. She clearly did not anticipate the many hours of work an election like ours takes. She has been sent our election guidelines and has yet to respond.

Director Mezzatesta stated that he was unable to identify another organization to perform the election certification. He would like the staff or a committee to take over this search.

Director Laurie Bennett said that Heidi Ono had offered to do it a few months ago. Although she runs elections for a living it is not clear whether she has experience with a complex election with proxies. Further, several shareholders objected to having another shareholder do the counting. It was brought up that last year someone did it who was not a professional and there were objections at the time.

Director Frank Mezzatesta asked if we are saying that the staff should keep looking for someone to run the election? The Annual Meeting is supposed to happen in the last week of March; we are clearly not going to make that. He is concerned that if we keep looking for an alternative person we will be further delaying the Annual Meeting. Robert Eranio needs an address to print on the return envelopes for the proxies in order to start the process of preparing for the Annual Meeting.

Director Laurie Bennett commented that Las Posas Country Club uses a CPAs office to collect votes in preparation for counting.

Director Alma Quezada asked if someone could call our CPA and report back.

Robert Eranio said that he could call our current CPA and possibly others, but based upon prior inquires, they have answered no due to the timing with tax season and the complexity.

Director Frank Mezzatesta summarized that this sounds like the board decision is to have the staff continue to look into the matter of someone to run the election.

INFORMATION ONLY

9. President's Report – Information Only

Director Frank Mezzatesta, President, informed those in attendance that he had discussed his performance as president with a shareholder recently and they had said they knew what he did because they saw him at the board meetings. But actually the board members do much more on things that do not even come up at the board meetings.

Director Mezzatesta proposed to list some of what he had been doing. He talked at length to the IT staff, in part, about the efficacy of our security system. He wrote Badger Meters water as a shareholder and got no response. Then he wrote them again as the president of a water company and they did respond. They will now provide information on when the next meter reading will be. He is also working on getting them to report on leaks sooner than 24 hours after the leak occurs. He believes this will help people with large leaks and alleviate some of the burden on the staff of watching for leaks manually.

Director Mezzatesta then turned his attention to our election system. He pointed out that it is very cumbersome with the proxy approach.

The proxies have to be evaluated in at least but not limited to the following criteria:

- Does the proxy have the necessary information to be a proper proxy (there are several people suggesting that they will be submitting their own versions of the proxy at the next Annual Meeting)?
- Has the proxy been filled out in such a way as to make it invalid (in that case the shareholder needs to be called and given a chance to correct it).
- Tabulate whether there is a quorum when all the proxies are in prior to the meeting. If there is not, proxies brought to the meeting and ballots must be monitored during the meeting to continue the count towards a quorum.
- If two proxies are delivered it must be determined which one is valid.
- Similarly, if a proxy and a ballot are both submitted, which one counts?
- All of the proxies and ballots are taken back to a home or office where all the above can be sorted out over the following week.
- Further, if the candidate portion of the proxy or ballot is not filled out then the board president or secretary needs to be contacted to determine how they want to allocate those votes.
- Similarly, if other parties make their own proxies someone else may be responsible for allocating votes and they must be contacted.

These are just some of the reasons our voting method is so time consuming and takes upwards of 50 hours to accomplish.

Director Laurie Bennet contributed that we also consider fractions of votes in our process. And that it would take a change to the bylaws to reduce this complexity, which would in itself require the vote of the shareholders. She is open to suggestions as to how to make the process simpler (working within the bylaws or by changing them).

Director Alma Quezada commented that she would like to see us contact Heidi Ono and check her qualifications and ask her rate.

Director Frank Mezzatesta added that our proxy system may not be like the other elections she has run.

10. Treasurer's Report – Information Only

Director Laurie Bennett, Treasurer, stated that the FY 21/22 Financial Report from Lindsay & Company is complete and on the website. Next our CPA wants to focus on getting taxes done on time.

Director Bennett reported that for the month we have a net loss as well as for the fiscal year to date. Income remains very low, due to not selling water because of the rain. Most Operational costs are low for the same reason.

Director Bennett reported that several of our bank accounts have cash in them exceeding the FDIC insurance. However, our bank, Pacific Western Bank, is not currently flagged. To reduce our exposure, a new Sweep account has been set up that is insured and our investments in CDAR are insured. (CDAR is higher interest rate than money market but lower than CDs which would not be insured over \$250,000.00.) Robert Eranio is working on having our loan account at Community Bank of Santa Maria certified as public funds which will make it insured.

We have some legacy accounting relating to our Capital Accounts that should have been journalized to remove a long time ago, and the CPA will set up Journal Entries to remove those items right after the taxes are complete.

11. Monthly Operations Report – Information Only

Well #4 Status/Repairs

Durrell McAdoo, Water Treatment Operator II, reported that rain has delayed Well #4 getting fixed. The company that is doing the repairs under warranty needs approximately 8-10 dry days to complete the work.

Operations will be doing a valve survey over the next several months to check for needed repairs so you will be seeing our trucks around. Well #6 is operating fine and handling the load due to the low use of water during the rain.

12. General Manager's Report – Information Only

- WY22/23 Groundwater Allocation Status

Robert Eranio, Consulting General Manager, reported that we are averaging about 140,000 gallons per day with few people using irrigation. At our peak usage the average is close to 1 million gallons per day.

Mr. Eranio reported that he had requested the shareholders to conserve water by 10% and we are currently conserving 50% year over year. This allows us to build up a surplus of conservation which can be used in future years to keep us within our allocation. It will help us to keep our costs down in the future.

13. Adjournment

On a motion made by Director Alma Quezada, seconded by Director Laurie Bennett, and approved unanimously, to adjourn the regular meeting at 7:24 p.m.

Next Meeting

The next scheduled meeting of the Board of Directors will be held on Thursday, April 27, 2023 at 6:00 p.m.

Shareholders in Attendance:

Chittum	Roger
Lucchese	Stacy
Melton	John
Muro	Steven
Recharte/Coe	Kim
Recharte/Coe	Luis
Teague	Katie

Submitted by,

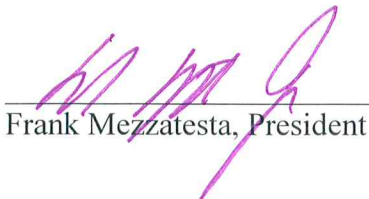


Linda Delorey, Stand In Office Manager

Approved by,



Roger Whitlock, Secretary



Frank Mezzatesta, President