Minutes of the Meeting
Of the Board of Directors of
Crestview Mutual Water Company
July 31, 2018

Convened Meeting

The meeting was called to order by President Norm Fahnoe on Tuesday, July 31, 2018, at 4:00 p.m. at the Corporation office.

Attendance and Quorum

Directors Present:	Norm Fahnoe – President Sol Chooljian – Vice President – Arrived at 4:10 p.m. Roger Whitlock – Secretary Steven Gill – Director
Directors Absent:	Doug Off – Treasurer
Others Present:	Robert Eranio – General Manager Lauri Marino – Office Manager

Shareholder's Public Forum

Jim Lingl (Estaban Drive) was present to observe the meeting.

Approval of Minutes

The minutes of the July meeting were presented. On a motion made by Steve Gill 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 June 19, 2018 be accepted as presented.

Monthly Financial Review

The financial statements for June 2018 were presented and discussed by the Board. All significant variances compared to budget were reviewed and explained by Staff. Robert Eranio advised that water sales are ahead of budget and will most likely continue to exceed budget for the remainder of the fiscal year. Outside Services is over budget due to extra hours used for the Saticoy Country Club analysis. Professional Fees are over budget due to the review of recent legal changes regarding independent contractor status, and the contract reviews pertaining to Well #7, Well #8, and the Crestview-Calleguas intertie.

Resolution 2018-4 – Reimbursement Resolution

Robert Eranio presented the resolution as required by the State Revolving Fund pertaining to Crestview's application for a low-interest loan for the funding of Well #7. Crestview will need to retain the services of a biologist. On a motion made by Steve Gill and seconded by Norm Fahnoe, the Board approved with four ayes the following:

Resolved, that Resolution 2018-4 authorizing Crestview Mutual Water Company to reimburse funds loaned by the State Water Resources Control Board be accepted.

Resolution 2018-05 – Pledged Revenue and Funds Resolution

Robert Eranio presented the resolution as required by the State Water Resources Control Board pertaining to Crestview's pledged revenues for repayment of the loan for Well #7. Sol Chooljian inquired if there is a first call provision. Robert responded that there is no such language in the resolution, but he expects that ongoing financial statement reporting will be required throughout the repayment period. On a motion made by Steve Gill and seconded by Roger Whitlock, the Board approved with four ayes the following:

Resolved, that Resolution 2018-5 authorizing Crestview Mutual Water Company to pledge water sales revenues to the Drinking Water State Revolving Fund for repayment of the loan for Well #7 be accepted.

Well #7 Project Cost Summary

Robert Eranio gave an update of the status. Roger Whitlock asked if we anticipate any difficulties with the HOA. Robert responded that he needs to receive approval from the HOA no later than October 1st, and expects no difficulties. Robert provided the site plan for the Board to review. He is in contact with Edison regarding the electrical service; he is in contact with a landscape architect for a proposal. Discussion ensued about the hydrogeologist for the project. Sol Chooljian asked about the equestrian trail and what, if any, responsibilities Crestview may have.

Well #8 Construction and Operations Contract

Robert Eranio presented for the Board's consideration a contract from Calleguas to Crestview to fund the project. Greg Patterson of Musick, Peeler and Garrett has reviewed the contract on Crestview's behalf. Calleguas has agreed to language changes in Section 1.6.e, removing Crestview from being required to calibrate Camarillo's meter and extending meter calibration to every 5 years. Calleguas agreed to changes in Section 2.4.e regarding project reimbursement. Sol Chooljian asked about water treatment; Crestview must meet all required treatment standards. Norm Fahnoe asked about section 1.3.b and what would occur if Crestview can't produce at the required rate. Discussion ensued. Robert responded the contract states that Crestview's customers are always first priority. Crestview normally needs 1 cubic foot per second (CFS) to supply the system, with a peak of 2 CFS. Crestview can supply an additional 3 CFS if all wells are online. Well #4 alone can take care of Crestview needs. One of the other wells can supply outside needs. The Board requested that language be added to address Crestview suffering catastrophic damage and is unable to produce, i.e., an earthquake.

Discussion ensued regarding FCGMA fees. Robert responded that allocations would be suspended in that event. Calleguas will return water on a one for one basis. Crestview could also buy imported water. The Board concluded that revisions will be required in section 1.3.b. Discussions will continue at the next Board meeting.

Via Zamora Intertie Agreement

Robert Eranio presented an easement agreement for Calleguas to enter onto our Via Zamora contract for construction purposes. Discussion ensued. All construction activity will occur during business hours. On a motion made by Sol Chooljian and seconded by Steve Gill, the Board approved with four ayes the following:

Resolved, that the permanent easement granting Calleguas Municipal Water District access to Crestview Mutual Water Company's Via Zamora site be accepted.

General Manager's Report

Conservation a Way of Life – Discussion ensued regarding the latest conservation legislation. Robert reported that water budgets for all water companies will be based upon population served and irrigable acreage within each district. The 55 gal per-person per-day for indoor use will be a non-issue; with the irrigable acreage amounts that will allocated, the indoor use will be a minor amount in comparison, and is several years out from being mandated.

Fox Canyon GMA – The West Las Posas Basin in experiencing 1,000 acre-feet of shortage each year. Generally, a supply project would be built to bring the basin into balance, but there is no physical solution in this area; all ideas off the table, with the exception of importing water. Municipal and industrial users connected with Calleguas can receive water with highest and best use. It is not cost-feasible for agricultural users to buy state water. A new idea for bringing the basin into balance is by retiring 1,000 acre-feet, having municipal and industrial users purchase imported water, with agricultural users paying surcharges for pumping. Discussion ensued, with Sol Chooljian inquiring about how this solution would affect Crestview's infrastructure and its effect on the depreciation of Company assets.

Well #7 – Discussion ensued regarding a natural gas vs. a diesel generator. A gas generator would be cleaner and more likely to meet Ventura County Air Pollution Control District's standards.

Website Design – Staff previewed the website in progress, and provided status updates for the online bill payment module.

Adjournment

On a motion made by Steve Gill, seconded by Sol Chooljian, and approved with four ayes, the meeting was adjourned at 5:24 p.m.

Next Meeting

The next meeting of the Board of Directors will be held on Tuesday, August 28, 2018 at the corporation yard office.

Submitted by,

Lauri Marino, Office Manager

Approved by,

Doug Off, Treasurer

Norm Fahnoe, President