

Minutes of the Meeting
Of the Board of Directors of
Crestview Mutual Water Company
December 5, 2017

Convened Meeting

The meeting was called to order by President Norm Fahnoe on Tuesday, December 5, 2017, at 4:07 p.m. at the Corporation office.

Attendance and Quorum

Directors Present: Norm Fahnoe – President
 Sol Chooljian – Vice President
 Doug Off – Treasurer
 Steven Gill – Director

Directors Absent: Roger Whitlock – Secretary

Others Present: Robert Eranio – General Manager
 Lauri Marino – Office Manager

Shareholder's Public Forum

No shareholders were present.

Approval of Minutes

On a motion made by Doug Off and seconded by Steve Gill, the Board approved with four ayes the following:

Resolved, that the minutes of the meeting of the Board of Directors of October 23, 2017 be accepted as presented.

Monthly Financial Review

The financial statements for October, 2017 were presented and discussed by the Board. All significant variances compared to budget were reviewed and explained by Staff. Robert Eranio reported that the Company began purchasing water from Calleguas in November, and to expect that upcoming expense through the next several months.

Draft FY 2017/2018 Budget

Robert Eranio reported that some expenses have shifted slightly since the last meeting. The biggest surprise was the forecasted price of chemicals. The price of chlorine is expected to increase 40% due to increased demand for sodium hydroxide; this has been included in the budget. Staff was conservative with the line item for interest expense. On a motion made by Steve Gill and seconded by Doug Off, the Board approved with four ayes the following:

Resolved, that the Fiscal Year 2017/2018 Budget be accepted as presented.

General Manager's Report

Saticoy Country Club – Robert Eranio received communication from Dick Fausset last Wednesday that a small group of investors has purchased the Saticoy Country Club, with an expected closing date of March 2018. The City of Ventura has indicated that they are willing to turn over operations, but have no idea how to accomplish that. Robert enumerated the items Crestview requires to consider prior to considering the operation of their system. SCC currently has a separate water supply permit. The residents' consideration has not been factored in to the equation. Crestview's bylaws have no mention one way or another regarding taking on such a task, except that Crestview's infrastructure could not be used to fund their operations. Doug Off stated that a risk analysis should be completed, outlining different scenarios and liabilities. Discussion ensued regarding adding additional Staff; the Board determined that it would not be ideal to do so. Eventually, Crestview would need a legal review of the whole process. Robert was tasked with completing a detailed analysis in order to provide a bid to run the system, including a review of their water supply permit, an income/expense analysis and cost comparison, and a review of the state of their water system, on behalf of Crestview. Robert's cost will be billed to the Country Club at a senior consultant rate.

Zone 3B Booster Pump – Determined to be a complete throwaway after 22 years in operation, with the exception of the discharge head. The cost for a critical spare was \$23,000 refurbished.

Smart Meter Installations – Staff received permission to complete the final phase; meters are on order.

Calleguas Intertie – Currently, Calleguas and Crestview are working out which Company will have operational responsibility. Calleguas originally wanted total control; it was determined that it would be too easy to drain Crestview's system without safeguards for their operators to understand. Crestview will own and operate; Calleguas will maintain. The intertie will be on our SCADA system.

Crestview Ranch – property is in escrow to close in the coming months. There is a small parcel that can be carved out for a future Well #8. Calleguas is interested in paying for the well. Robert will ask Susan Mulligan to attend the January meeting to discuss this issue with the Board.

Groundwater Sustainability Plan – The FCGMA released three Preliminary Draft Groundwater Sustainability Plans for review and comment. For the Las Posas Basin, Fox Canyon GMA’s consultant (Dudek) created their own water balance in place of using the information LPUG provided. Dudek’s water balance shows long-term yield for the West Las Posas Basin to be approximately 11,700 Af/Yr. LPUG had estimated the yield to be approximately 11,800 Af/Yr. Dudek had a qualifier in their estimate that flow across the Las Posas and Oxnard Plain Basin boundary is not well understood, and that the direction of flow changes over time depending upon basin conditions. This finding can have a material impact on both basins yields and will need further investigation.

Executive Session

The Board went into Executive Session at 5:05 p.m. to discuss personnel issues. At that time, Lauri Marino left the meeting.

Adjournment

On a motion made by Doug Off, seconded by Sol Chooljian, and approved with four ayes, the meeting was adjourned at 5:25 p.m.

Next Meeting

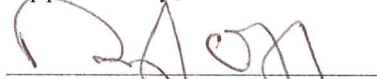
The next meeting of the Board of Directors will be held on Tuesday, January 23, 2018 at the corporate yard office.

Submitted by,

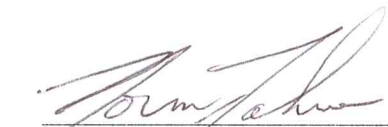


Lauri Marino, Office Manager

Approved by,



Roger Whitlock, Secretary
Douglas Off, Treasurer



Norm Fahnoe, President