

San Miguelito Mutual Water Company

Minutes of the Board of Director's Meeting

9:00 A.M. Wednesday, February 17, 2016
Company Office, Avila Beach, California

I. CALL TO ORDER AND ROLL CALL

Meeting called to order by Board President John Delehant at 9:00 a.m.

Board Members Present:	John Delehant, Tom Athey, Ben Banks, Vic Montgomery, Gerri Hall, Rick Koon, and Rob Rossi (left at 10:09 a.m.).
Absent:	None
Staff Members Present:	Dawn Barlow, Customer Service & Operations Support
Consultants Present:	Tim Carmel, Legal Counsel (left at 10:30 a.m.)
Guests:	Indian Hill Residents Martin Suits, Glenn Varano, Ray Feeser, Fred Goodill, Heather Nelson; Kingfisher Residents Saro Rizzo, Carol Hayden, Rich Vorie, Robert Campbell, Bruce Brandenburg, Jeannette Krone, Jim Hartig; Heron Crest Resident Bob Pusanik; Pelican Point Resident Sherri Danoff; Guests Tom Bunn and Paul Metchik

II. PUBLIC/SHAREHOLDER COMMENT – None

III. CLOSED SESSION – There were no items for closed session

IV. RECONVENE TO OPEN SESSION

V. REVIEW and APPROVAL OF MINUTES

- a. January 20, 2016 - Motion to approve as written made by Vic Montgomery, seconded by Rob Rossi. Motion passed 7 – 0.

VI. UNFINISHED BUSINESS

VII. NEW BUSINESS –

- a. Discussion Regarding Clarification of Allocated & Issued Shares – General Manager Koon gave a brief explanation of the letter received by Shareholders Rizzo and Suits regarding share allocation and issuance, specifically share certificates 361 and 773. He then asked Legal Counsel Carmel to review his findings on the matter. Legal Counsel explained that his firm had reviewed SMMWC document files from 1993 through 1995 when those shares were allocated/issued. Legal Counsel Carmel said that his firm has determined that there was nothing illegal with the allocation/issuance of the shares. He then clarified the difference between the allocation of shares: a block of shares is allocated to a parcel – vs issuance – shares: are issued from the parcel allocation when a home/planned project has a permit. President Delehant directed Mr. Rossi to work with staff in developing a proposal for the reallocation of the shares held on those certificates. After Mr. Rossi provides the proposal; Staff will review and make a recommendation to the Board as to the correct reallocation and issuance of previously issued shares.
- b. Discussion and Authorization to Develop a Long-Term Sewer Contract with Sycamore Mineral Springs – General Manager Koon opened the discussion with a brief history of the current contract SMMWC has with Sycamore Mineral Springs (SMS) to provide sewer service for 18 units. All prior years have been on a 6-month basis with an option to renew for an additional six months. SMS is proposing an expansion of 22 units. The new units would utilize a leach field system for their sewer needs. The leach fields were approved in the 1980s; however the RWQCB is now reluctant to allow a leach field in a flood plain. The RWQCB has approached SMMWC requesting the Company work with SMS to develop a long-term sewer service contract for the existing SMS Resort, the additional 22 units as well as the 18 units currently serviced by SMMWC. General Manager Koon asked the Board to authorize staff to pursue/research a long-term contract per the RWQCBs request. After some discussion on the parameters of the long-term contract, motion made by John Delehant, seconded by Tom Athey to pursue/research a long-term Sewer Service Contract with SMS. Motion passed 6 – 0; Rob Rossi abstained.

VIII. GENERAL MANAGER'S REPORT

- Administration

- State Water Subcontractors discussed the use of the County's excess allocation in the Paso Robles sub-basin.
- The DWR has increased the State Water delivery allocation to 20%. SWRCB has draft legislation out for review to extend the 25% conservation measures through October 2016.
- GTA is working on cost estimates for examining the Water Resources options that were approved by the Board in January 2016.
- Shareholder newsletter was mailed and posted to the website January 22, 2016.

- Operations

- Fisher Pump videoed Well #3 on February 12th. This information will be given to GTA so they can establish cost estimates.
- A leak in the 4" main going to Wild Cherry Canyon was discovered the week of January 11th. The leak was halfway down the steep hill between tanks 100 & 200 and the yellow house. Because of the rain, the old 4" line was used as a sleeve for the new 3" HDPE line.

IX. FINANCIAL STATEMENT

The Board Management Report for January 2016 was presented by General Manager Rick Koon with the following highlights:

Cash and Reserve Funds as of January 31, 2016 are:

Operating Cash	Operational Contingency Reserves	State Water Reserves	Capital Reserves
\$75,131	\$319,698	\$177,358	\$1,930,921

X. BOARD MEMBER COMMENT

XI. ITEMS FOR NEXT AGENDA

- a. March 16, 2016 – Regular Meeting – Water Resources Development Priority Update

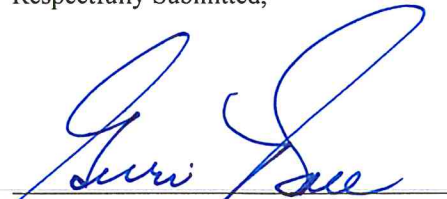
VIII. ADJOURNMENT –Meeting was adjourned at 11:10 a.m.

Proceeding reported by:

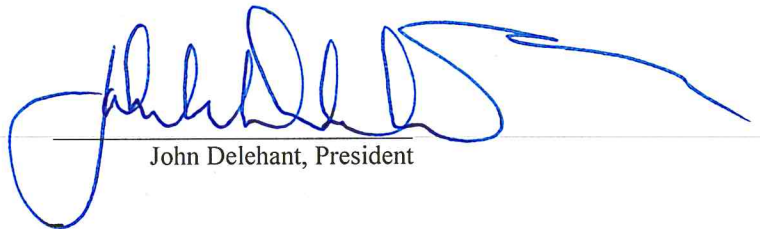
Dawn Barlow, Customer Service and Operations Support

Respectfully Submitted,

Approved:



Gerri Hall, Secretary



John Delehant, President