

LA CUMBRE MUTUAL WATER COMPANY
ANNUAL MEETING OF SHAREHOLDERS
JUNE 12, 2018
MINUTES

The meeting was called to order at 6:00 PM by President Jane Lodal.

Present: Directors Jane Lodal, Alex Rodriguez, Marc Russo and Bob Uradnicek. Also present, Legal Counsel Mark Mannion, General Manager Mike Alvarado, Administrative Manager Jeff Dameron, Office Manager Maria Armijo and 10 additional signed-in shareholders.

Absent: Doug Campbell

Introductions

Ms. Lodal welcomed those present to the 2018 Annual Meeting and introduced the Board and Staff members.

Certification of a Quorum

As Vice President, Mr. Rodriguez reported there are 2106.13 shares of capital for LCMWC. Proxies representing 1053.067 shares constitutes a quorum. 791.625 shares have been received. As of this afternoon 261.445 additional shares are necessary to establish a quorum for the legal transaction of business.

Report of Nominating Committee

Mr. Uradnicek reported that the 2018 Nominating Committee consisted of Bob Uradnicek (Chair), Susan McMillan and Peter de Tagyos. The term of two Directors, Mr. Alex Rodriguez and Mr. Marc Russo expired this year. Both Mr. Rodriguez and Mr. Russo have been nominated to run for another term.

Minutes of June 13, 2017 Annual Meeting

Due to a lack of a quorum, Ms. Lodal dispensed with the reading of the minutes.

Presentations

Modoc Preserve Report

- Ms. Lodal reported the Modoc Preserve committee members are Marc Russo, Mark Shevitz, Cyndie Young, Wendy Atterbury, Adam Lambert-advisor and Autumn Brook. The Modoc Preserve is in excellent condition. There is approximately \$150K in the endowment fund. Approximately \$10K is spent per year by La Cumbre Mutual Water Company on maintenance.

Mr. Nelson from The Oak Tree Company has helped restore 5 acres of the grassland by re-introducing native plants and removing non-native invasive plants. This project is in its fourth year.

The County of Santa Barbara sent out a request for proposals for protection of biological habitats. Mr. Adam Lambert (ecologist with UCSB) submitted a restoration project with the County and the Modoc Preserve was tentatively granted \$67K. The objective of the proposed three-year project (2017-2020) is to reduce invasive plant cover and improve existing wetland habitat by planting native plant species to increase the structural complexity, diversity and food resources.

General Manager's Annual Report

- Mr. Dameron reported the total of voting ballots received to date is 55% yes votes for the \$40 million amendment and 52% yes votes for the 20% proxy amendment. A third letter will be mailed out along with the Customer Consumer Report.
- As a means to be prepared and informed LCMWC has started a text service. This service will be used to broadcast emergency alerts. LCMWC is also building an email list for faster communication.
- Mr. Alvarado reported the California Department of Water Resources (CDWR) determines the annual State Water allocation. The water allocation amount is based on the levels of rain and snow pack in the Sierra Nevada Mountains, hydrologic conditions and water supply demands. This year LCMWC is expected to receive 35% of its 1100 AF entitlement.
- LCMWC Well #16 can pump up to 300 AF per year on a 5-year running average from the Foothill basin. The well casing has developed holes, exposing gravel packs and producing sand. After further study of the well, it has been determined that a new well is needed. Possible new locations for the well include the Modoc Preserve or the U-Haul facility (both properties owned by LCMWC).
- Fixed payments to the State are made whether State Water is delivered or not. The 2017 fixed payment to the State was approximately \$1.5M. Treatment and delivery cost for State water was approximately \$290K in 2017.
- LCMWC has installed 1141 smart meters out of 1490 total meters. The meter replacement program in Hope Ranch is complete. Currently working to replace the rest of the meters in the Annex. With the software, LCMWC (as well as the homeowners) can monitor water usage daily as well as set alerts for leaks. Since August 2015, 1214 customers have been notified of leaks.
- In the event the rain fall total is low (upcoming winter), staff looked into various ways to help prepare for future droughts such as completing the smart meter program. And the rehabilitation of Well 10A which was once a high water producer. LCMWC has also been negotiating a recycled water contract with the City of Santa Barbara to deliver reclaimed water to La Cumbre Country Club which would free up 100 AF/year of potable water.
- Distribution staff maintains 41 miles of water main lines. In recent months, LCMWC has experienced several main line breaks. Some steel pipes date back to the early 1920's ranging in size from 2" to 16". There are 790 shut off valves. Many of the valves are stuck or hard to operate making a complete water shut down extremely difficult. A valve exercise program is being implemented.

Mr. Uradnicek left the meeting at 7:32 pm.

Questions:

Where are the Reservoirs located?

- One is located on Via Tranquila (at office), second one is at Cresta and the final one is located on Cuervo.

Does La Cumbre Water supply water outside of Hope Ranch?

- Yes. Water is also supplied to the Hope Ranch Annex.

How often does the smart meter read?

- It reads every 24 hours. The system determines the daily reading time.

How deep is Well #10 on Modoc?

- The well is 500 feet deep and the pump is 380 feet.

When was the last time the wells were recharged?

- In 2011. 1100 AF were injected.

Is the Santa Barbara desal plant online?

- Yes. It has been producing water for about 4 months now. And is producing approximately 250 AF per month.

Can LCMWC receive water from the Santa Barbara desal plant?

- No. The way their water pipes are aligned would only serve Santa Barbara. Cost would be in the millions to install water lines to serve LCMWC customers.

What is the hardness of the water?

- It is about 25 grains per gallon.

Are there additional water sources?

- LCMWC is looking at possibilities of what is available on the open market for supplemental water.

There being no further business, the meeting was adjourned at 7:40 pm
Next Annual Meeting – June 2019

Maria Armijo
Office Manager