



**CalMutuals Board of Directors Meeting
Tuesday, April 18, 2017
2:00 p.m. or upon adjournment of the JPRIMA Meeting**

Call-in Number: (712) 775-7031
Access Code: 540-575-707#

Agenda

2:00 p.m.:

- 1) Call to Order (Chair Yamashita-Lopez)
- 2) Roll Call
- 3) Review and Approval of March 21, 2017 Board Meeting Minutes
- 4) Chair's Report
- 5) Executive Director's Report
 - a. Annual Meeting Update
- 6) Committee Chairs' Report
 - a. Legislative Committee
 - b. Regulatory Affairs Committee
- 7) Budget Report
 - a. Review and Approval of Demand Sheet
 - b. Financial Statements
- 8) Review and Possible Loan Approval from California Domestic Water Company (Promissory Note)
- 9) Director Comments
- 10) Adjourn (3:00 p.m.)

2017 CalMutuals Board Roster

Ms. Lisa Yamashita-Lopez - President
Rubio Cañon Land and Water Association
626-797-0509 x206 | 626-802-8092
583 E. Sacramento St., Altadena, CA 91001
lisa@calmutuals.org

Mr. Dave Michalko - Secretary
Valencia Heights Mutual Water Company
626-332-8935 | 909-215-6895
3009 E. Virginia Ave., West Covina, CA 91791
dmichalko@vhwc.org

Mr. Jim Byerrum - Director
California Domestic Water Company
562-947-3811 | 714-822-6084
15505 Whittier Blvd., Whittier, CA 90609
jbyerrum@caldomestic.com

Mr. Ken Bradbury - Director
Montebello Land and Water Company
323-722-8654 | 213-500-5279
344 E. Madison Ave., Montebello, CA 90640
ken@mtblw.com

Mr. David Armstrong - Director
South Mesa Water Company
909-795-2401 | 951-805-0861 391
West Avenue L, Calimesa, CA 92320
darmstrongsmwc@yahoo.com

Mr. Doug Nunneley - Director
Oildale Mutual Water Company
661-399-5516 | 661-204-1074 2836
McCray St., Bakersfield, CA 93308
dnunneley@yahoo.com

Mr. Ken Tcheng - Director
Sunny Slope Mutual Water Company
626-287-5238 x122 | 626-422-6861
1040 El Campo Dr., Pasadena, CA 91107-5506
ken@sunnyslopedwatercompany.com

Staff

Mr. Jim Ciampa
General Counsel
626-793-9400
301 N. Lake Ave., 10th Floor, Pasadena, CA 91101
jciampa@lagerlof.com

Ms. Myra Evangelista
Staff/Treasurer
562-947-3811 | 714-822-6084
15505 Whittier Blvd., Whittier, CA 90609
myra@calmutuals.org

Mr. Adan Ortega
Executive Director
714-449-3397 | 714-600-4683
1400 N. Harbor Blvd., Suite 510, Fullerton, CA 92835
adan@calmutuals.org

Ms. Denise Peralta Gailey
Managing Director
714-449-3397 | 626-673-0005
1400 N. Harbor Blvd., Suite 510, Fullerton, CA 92835
denise@calmutuals.org

California Association of Mutual Water Companies (CalMutuals)
Board of Directors Meeting Minutes
March 21, 2017

Call to Order: Chair Yamashita-Lopez called the meeting to order at 10:52 a.m.

Present: Lisa Yamashita-Lopez (Director, President & Chair), Dave Armstrong (Director, Vice President), Dave Michalko (Director, Secretary), Jim Byerrum (Director), Ken Bradbury (Director), Ken Tchong (Director), Adan Ortega (Staff, Executive Director), Denise Peralta Gailey (Staff, Managing Director), Myra Evangelista (Staff, Treasurer), Jim Ciampa (Legal Counsel), Lynda Noriega.

Absent: Doug Nunneley (Director).

Review and Approval of the February 21, 2017 Board Meeting Minutes: On a motion made by Director Byerrum, seconded by Director Armstrong, the February 21, 2017 board meeting minutes were unanimously approved, as submitted.

Chairman's Report: President Yamashita-Lopez reported that she continues to work with Averydale Mutual Water Company's staff to improve the company's operations. She also reported that staff has developed new brochures ("leave-behinds") to be shared with anyone interested in learning more about the Association. She also encouraged the Board to share copies with potential affiliate members as they are an integral component of the Association's membership.

Executive Director's Report: Executive Director Ortega reported that a new staff member has joined the team and her name is Susan Allen. He added that Susan will be working on some administrative tasks. Executive Director Ortega also requested that the Board submit high-resolution photos for the development of a new member packet; however, after some deliberation, the Board has opted to take new photos. Staff will follow-up on this and provide pricing for a photographer and coordinate schedules to obtain new photos of Board members and staff in their official CalMutuals shirts.

Committee Chairs' Report: Vice President Armstrong reported that the visit to Sacramento was successful and that as a result of the meeting, Staff will follow-up on requests by legislators to support bills of interest. Executive Director Ortega added that Assemblymember Ana Caballero's staff has requested to participate in a meeting in the Santa Cruz region to discuss issues that are important to members in that region. Executive Director Ortega will coordinate the details of the meeting. Executive Director Ortega also reported that staff will be following up on AB 272 (Gipson), a bill that seeks to consolidate systems within a "zone" in Los Angeles County that are chronically non-compliant and fail to meet water management standards. Managing Director Peralta Gailey provided an update on regulatory matters at the request of Director Tchong. She reported that the outreach on data collection for systems impacted by the 10 parts per billion (ppb) maximum contaminant level (MCL) for hexavalent chromium (HexChrom) had been completed and submitted to the court in the case brought forth by the California Manufacturers and Taxpayers Association. Managing Director Peralta Gailey also reported that information on the development new regulations for coliform and point-of-entry and point-of-use devices has been distributed to members. No further comments on this item.

Budget Report: Staff Member Evangelista provided an overview of the demand sheet. On a motion made by Director Byerrum, seconded by Director Bradbury, the demand sheet was unanimously approved. Staff Member Evangelista disseminated and reviewed the financial statements noting that there is currently \$35,633.98 in the bank. Director Armstrong noted that South Mesa Water Company will be contributing

as a charter member. Director Byerrum noted that it would be important for charter members to make commitment for 2018 soon. No further comments on this item.

Nomination of Directors: On a motion made by Director Byerrum, seconded by Director Bradbury, the board nominated Dave Michalko and Doug Nunneley to serve on the Board of Directors for a three-year term.

2017 Annual Meeting: Managing Director Peralta Gailey updated the Board on the status of planning and preparation for the annual meeting including the confirmation of the sponsors who will be presenting at the meeting. No further comments on this item.

Director Comments: Director Tchong asked the Board for information on a recent measure passed in the County of Los Angeles mandating that homeless persons have access to free water. Staff will research this matter further and update the Board as needed. Director Byerrum informed the Board that the PAC is supporting Assemblywoman Cristina Garcia's March 30th reception and encouraged the Board to attend if available.

Adjourn: Chair Yamashita-Lopez adjourned the meeting at 12:04 p.m.

California Association of Mutual Water Companies Demand Sheet

3:53 PM

04/12/17

<u>Date</u>	<u>Num</u>	<u>Memo</u>	<u>Open Balance</u>
Adan Ortega Associates			
05/01/2017		May 2017 Services-Organization Management,Office Rent and Utilities	10,250.00
04/07/2017	1098	Reimbursements for Brochure Printing and Travel Expenses	958.47
Total Adan Ortega Associates			11,208.47
Lagerlof, Senecal, Gosney & Kruse LLP			
04/07/2017	54013	Professional Fees- March 2017	1,250.00
Total Lagerlof, Senecal, Gosney & Kruse LLP			1,250.00
Sloat Higgins Jensen & Associates			
04/01/2017	14529	Legislative Consulting Service, March 2017	5,000.00
Total Sloat Higgins Jensen & Associates			5,000.00
TOTAL			17,458.47

California Association of Mutual Water Companies

4:42 PM

Balance Sheet

04/12/17

As of March 31, 2017

Accrual Basis

	<u>Mar 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
1210 - Wells Fargo Bank	31,155.17
Total Checking/Savings	31,155.17
Accounts Receivable	
1510 - Acc Receivables-Membership Dues	10,500.00
1550 - Acc Receivables-Insurance Fees	893.60
Total Accounts Receivable	11,393.60
Other Current Assets	
1540 - Receivable fr Calmutuals JPRIMA	33,041.03
Total Other Current Assets	33,041.03
Total Current Assets	75,589.80
TOTAL ASSETS	<u>75,589.80</u>
LIABILITIES & EQUITY	
Equity	
3900 - Retained Earnings	43,946.35
Net Income	31,643.45
Total Equity	75,589.80
TOTAL LIABILITIES & EQUITY	<u>75,589.80</u>

California Association of Mutual Water Companies

4:42 PM

Profit & Loss

04/12/17

January through March 2017

Accrual Basis

	General	JPRIMA	TOTAL
Income			
4000 · Membership Dues			
4010 · Charter	66,150.00	0.00	66,150.00
4030 · Regular	12,100.00	0.00	12,100.00
4070 · Associate	3,000.00	0.00	3,000.00
4050 · Affiliate	500.00	0.00	500.00
Total 4000 · Membership Dues	81,750.00	0.00	81,750.00
4300 · Insurance Program Fees			
4310 · Property & Casualty	0.00	1,194.00	1,194.00
Total 4300 · Insurance Program Fees	0.00	1,194.00	1,194.00
4530 · Advertising	450.00	0.00	450.00
4910 · Interest Income	1.08	0.00	1.08
Total Income	82,201.08	1,194.00	83,395.08
Expense			
5514 · Bank Service Charge	30.00	0.00	30.00
5010 · Management Contract	30,000.00	0.00	30,000.00
5030 · Lobbying Contract	15,000.00	0.00	15,000.00
5050 · Legal Fees	2,307.50	0.00	2,307.50
5540 · Insurance	1,103.00	0.00	1,103.00
5555 · Merchant Service Fees	19.53	0.00	19.53
5560 · Rent	750.00	0.00	750.00
5570 · Supplies	1,603.71	0.00	1,603.71
5585 · Travel	937.89	0.00	937.89
Total Expense	51,751.63	0.00	51,751.63
Net Income	30,449.45	1,194.00	31,643.45

California Association of Mutual Water Companies
Budget and Cash Flow
As of April 12, 2017

	2017 Budget	2017 Estimated Cash Flow						
		Q1 Actual	Apr Est	May-Jun Est	Q3 Est	Q4 Est	Total	
<u>INCOME</u>								
Charter Membership-2017	\$ 84,000	\$ 6,150	\$ 7,000	\$ 16,000	\$ 6,000	\$ 6,000	\$ 41,150	[A][B]
Regular Membership	54,000	9,050	-	28,100	11,500	3,500	52,150	
Affiliate Membership	500	500	-	-	-	-	500	
Associate Membership	9,000	900	-	3,600	1,000	3,500	9,000	
Sponsorships	3,000	-	-	1,000	1,000	1,000	3,000	
Advertising	1,800	450	150	300	450	450	1,800	
Meetings	-	-	-	-	-	-	-	
Loan from Third Parties	30,000	-	25,000	-	-	-	25,000	[C]
JPRIMA Loan Repayment	30,000	-	-	-	35,000	-	35,000	
Insurance Fees	43,000	1,857	600	300	37,000	3,000	42,757	
Interest Income	-	2	-	-	-	-	2	
Miscellaneous	-	2,500	-	-	-	-	2,500	
Total Income	255,300	21,409	32,750	49,300	91,950	17,450	212,859	
<u>EXPENSE</u>								
Management Contract	120,000	30,000	10,000	20,000	30,000	30,000	120,000	
Attorney Fees	24,000	2,308	2,000	5,000	7,000	7,000	23,308	
Office Space/Rent	3,000	750	250	500	750	750	3,000	
Accounting	-	-	-	-	-	-	-	
Insurance	1,150	1,103	-	-	-	-	1,103	
Staff Travel	12,000	1,023	1,000	2,500	3,500	3,500	11,523	
Meetings	3,000	136	-	1,000	1,000	1,000	3,136	
IT/Website	500	-	-	150	150	150	450	
Supplies	-	1,720	-	-	-	-	1,720	
Taxes	1,000	-	-	1,000	-	-	1,000	
Telephone	840	-	-	250	250	250	750	
Merchant/Bank Fees	500	50	-	150	150	150	500	
Lobbying	60,000	15,000	5,000	10,000	15,000	15,000	60,000	
Marketing	-	-	-	-	-	-	-	
JPRIMA Loan	30,000	-	25,000	-	-	-	25,000	
Miscellaneous	-	-	-	-	-	-	-	
Total Expense	255,990	52,090	43,250	40,550	57,800	57,800	251,490	
Net Total	\$ (690)	\$ (30,681)	\$ (10,500)	\$ 8,750	\$ 34,150	\$ (40,350)	\$ (38,631)	
<u>Cash Flow</u>								
Beginning Balance		\$ 61,835	\$ 31,154	\$ 20,654	\$ 29,404	\$ 63,554		
Net Revenues		(30,681)	(10,500)	8,750	34,150	(40,350)		
Ending Balance		\$ 31,154	\$ 20,654	\$ 29,404	\$ 63,554	\$ 23,204		

Notes:

[A] 2017 Charter Membership dues in the amount of \$60,000 were collected in 2016.

[B] 2017 Charter Membership from Rubio Canon, Bellflower Somerset, Covina Irrigating Co, Montebello Valencia Heights, Sunnyslope Water Company, California Domestic Water Co., Lincoln Avenue Water Company and South Mesa Water Co.

[C] Loan from AAWDM & California Domestic Water Co.

PROMISSORY NOTE

This Promissory Note (“Note”) is made and entered on this 18th day of April, 2017 (the “Effective Date”), by and between CALIFORNIA DOMESTIC WATER COMPANY (“Holder”) and the CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES (“Maker”), with the respect to the following:

AGREEMENT

1. Loan. For good and valuable consideration, Maker hereby promises to pay to Holder, the principal sum of Twenty Five Thousand Dollars (\$25,000.00) (the “Loan Amount”).
2. Repayment. The Loan Amount shall be due and payable in full, with interest that has accrued on the unpaid sum of the Loan Amount from the Effective Date at the rate specified in Section 3, below, on or before April 17, 2018 (the “Maturity Date”). Any payment by Maker shall be sent to Holder’s principal office located at 15505 Whittier Boulevard, Whittier, California 90609.
3. Interest. Interest on the Loan Amount shall accrue at four percent (4.0%) per annum. Interest shall accrue on a simple basis and shall not be compounded.
4. Prepayment. Maker may prepay the Loan Amount in whole or in part at any time without penalty.
5. Default. In the event Maker fails to make repayment of the Loan Amount and any interest in accordance with the terms set forth in this Note, after ten (10) days’ written notice and opportunity to cure such failure, Holder may commence legal action to collect the unpaid principal and interest then owing.
6. Collection Costs. Maker agrees to pay to Holder all costs, fees and expenses incurred by Holder in collecting or attempting to collect any sums due hereunder, including without limitation attorney's fees, costs of investigation and litigation expenses, as actually incurred by the prevailing party in connection with each separate action or proceeding. The attorney's fees shall not be computed in accordance with any court schedule, but shall be such as to reimburse the prevailing party for all attorney's fees and costs reasonably incurred in good faith.
7. Governing Law. All questions with respect to the construction of this Note and the rights and liabilities of the parties hereto shall be governed by the laws of the State of California.
8. Waivers. No consent or waiver, express or implied, by either party, to or of any breach or default by the other in the performance by the other of its obligations hereunder, shall

be deemed or construed to be a consent or waiver to, or of, any other breach or default in the performance by such other party hereunder. Failure on the part of either party to complain of any act or failure to act of any other party, or to declare any other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. Presentment, demand, notice of dishonor, protest and notice of protest are hereby waived.

9. Heirs and Successors. This Note shall inure to the benefit of and shall be binding upon the assigns, successors in interest, personal representatives, estates, heirs, and legatees of each of the parties hereto.

10. Amendments. This Note is subject to amendment only by the mutual written consent of the parties.

11. Invalid Provisions. In the event any one or more of the provisions contained in this Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and the same shall be enforceable to the fullest extent permitted by law.

12. Time of Essence. Time is of the essence of each and every provision of this Note.

IN WITNESS WHEREOF the undersigned has executed this Promissory Note this 18th day of April, 2017.

HOLDER:

California Domestic Water
Company, a California corporation

Dated: _____

By _____
Jim Byerrum, President

MAKER:

California Association of Mutual
Water Companies

Dated: _____

By _____
Lisa Yamashita-Lopez,
President