



CAMWC Board of Directors Meeting
Tuesday, January 20, 2015
10:00 am–1:00 pm

Location: Lincoln Avenue Water Company
564 W. Harriet St., Altadena, CA 91001

Agenda

10am:

- 1) Call to Order (Chairman Byerrum)
- 2) Roll Call
- 3) Approval of November 14, 2014 Minutes (Attachment 1)
- 4) Flip Boerman Resignation (Attachment 2)
- 5) Approval of 2015 Board Meeting Dates (Attachment 3)
- 6) Membership Committee Report
 - a. New Members (Attachment 4)
- 7) 2015 Budget Report (Attachment 5, for complete member list - see add. attachment)
 - a. Review and Approval of Demand Sheet
 - b. Financial Statements
- 8) Legislative Committee Report (Attachment 6)
 - a. Report on Legislative Committee Priorities for 2015
 - b. Other
- 9) JPIA Task Force (Attachment 7)
 - a. JPIA Revised Legislative Language (Attachment 8)
 - b. Lobbyist
 - c. Roll-out to membership
- 10) February 20, 2015 Annual Meeting (Attachment 9)
 - a. Board Member Nomination Support Letters from Board Presidents
 - b. Nomination of Ken Tcheng to serve on CalMutuals Board of Directors (Attachment 10)
- 11) New Business
 - a. Next Roundtable in April– Location?
 - b. Other
- 12) Next Board Meeting
- 13) Adjourn (1:00 pm)

2014 Board Roster

Mr. Jim Byerrum, Chairman
California Domestic Water Co. 15505 Whittier Blvd Whittier CA 90603
Phone: 562-947-3811 Fax: 562-947-3811 Cell: 714-822-6084
jbyerrum@cdwc.com www.cdwc.com

Mr. Dave Michalko, Secretary
Valencia Heights Water Co. 3009 E. Virginia Ave. West Covina CA 91791
Phone: 626-332-8935 Fax: 909-215-6895
dmichalko@vhwc.org www.vhwc.org

Ms. Blanche Vizzini, Treasurer
Amarillo Mutual Water Co. 3404 Burton Ave. Rosemead CA 91770
Phone: 626-571-7533 Fax: 760-408-7424
amarillo1920@sbcglobal.net

Ms. Lisa Yamashita-Lopez, Assistant Treasurer
Rubio Cañon Land and Water Co. 583 E. Sacramento St. Altadena CA 91001
Phone: 626-797-0509 x206 Fax: 626-797-0520 Cell: 626-802-8092
lisa@rclwa.org www.rclwa.org

Mr. Robert Hayward, Director
Lincoln Avenue Water Co. 564 W. Harriet Street Altadena CA 91001
Phone: 626-798-9101 x3 Fax: 626-798-9446
bhayward@lawc.org www.lawc.org

Mr. Ken Bradbury, Director
Montebello Land and Water Co. 344 E. Madison Ave Montebello CA 90640
Phone: 323-722-8654 Fax: 213-500-5279
ken@mtblw.com www.mtblw.com

Mr. Flip Boerman, Director
Pine Valley Water Co. 28789 Old Highway 80 Pine Valley CA 91962
Phone: 619-473-473-8450
pvmh2o@hotmail.com www.pinevalleywater.org

Mr. Adan Ortega, Executive Director
Phone: 714-519-6162 Fax: 213-624-0123 Cell: 714-600-4683 adanortega@mac.com

Ms. Denise Peralta Gailey
Phone: 714-449-3397, denise@calmutuals.org

Mr. Jim Ciampa, Legal Counsel
Phone: 626-793-9400 Fax: 626-793-5900 jciampa@lagerlof.com

Attachment 1

California Association of Mutual Water Companies (CAMWC) Board of Directors Meeting Minutes November 14, 2014

Call to Order: Chairman Jim Byerrum called the meeting to order at 10:01 am

Present: Jim Byerrum (Director, Chair), Blanche Vizzini (Director, Treasurer), Ken Bradbury (Director), Dave Michalko (Director, Secretary), Flip Boerman (Director), Adan Ortega (Executive Director/staff), Jim Ciampa (Legal Counsel), Myra Evangelista (Staff), Paul Fuller (Guest/AAWDM), Robert Hayward (Director / arrived after roll was called at 10:15)

Absent: James Simonelli (Managing Director/staff), Denise Paralta Gailey (Development Manager/staff), Andy Turner (Legal Counsel)

Approval of Minutes: The October 16, 2014 minutes were unanimously approved as submitted.

Review and Approval of the Demand Sheet: Chairman Byerrum reviewed the Demand Sheet which included three (3) items: \$8350 to Simonelli & Associates for its monthly management fee per contract; \$750 to Lagerlof, Senecal, Gosney and Kruse LLP for its monthly retainer; and \$637 from a marketing expense for a new LCD Projector first used at the 10/24/14 Quarterly Membership Meeting.

2015 Budget Alternatives Discussion: Chairman Byerrum stated that two budget alternatives would be considered. The first involved recalibrating priorities in order to devote resources to pursue legislation that would authorize CAMWC to form a Joint Powers Insurance Authority (JPIA) with the American Association of Water and Distribution Management (AAWDM). The second would involve a discussion of incremental growth of the organization under the current organizational framework. Chairman Byerrum invited Mr. Paul Fuller of AAWDM to describe his analysis in favor of seeking authorization through state legislation to form a joint powers insurance authority (JPIA) with the California Association of Mutual Water Companies. Mr. Fuller stated that AAWDM would be willing to cost-share 50/50 for an amount up to \$100,000 in order to hire the necessary resources to seek passage of a bill authorizing formation of a JPIA with CAMWC. Mr. Fuller also expressed his conviction that if the JPIA is branded under CAMWC in California, that it would serve as an example that could be replicated elsewhere in the United States where small community water systems need new means to develop resources that will enable them to improve system and administrative deficiencies. Mr. Fuller stated that a network of insurance brokers would assist CalMutuals build support for the JPIA proposal through 400 mutual water companies that they count as clients of their existing insurance products. Chairman Byerrum asked Executive Director Adan Ortega to describe how CAMWC could proceed through its second year under the current organizational framework. Mr. Ortega stated that 2014 would see the organization grow from 14 charter members to perhaps 100 by December 31st. He expressed that under the current framework, charter members would be expected to support the organization at the rate of \$12,000 each, with growth projected to add another 100 members by the end of 2015. Mr. Ortega reported that the charter membership level was not sustainable through 2016, and thus, revenues from the membership under the current dues structure would not sustain present levels of funding to support membership recruitment, advocacy and the limited training services being provided. The board then discussed the two options with questions by Board Member Boerman related to the possibility that all members would be required to buy insurance products through brokers in order to belong to the organization. Mr. Ciampa clarified that the legislation authorizing the formation of the JPIA could be crafted to make the purchase of the insurance products not a pre-requisite to membership in

CAMWC. Board Members Hayward and Vizzini expressed concern with a diversion of focus and resources that would distract from the effective advocacy and growing services CAMWC had achieved in 2014. Chairman Byerrum, Board Member Michalko and Executive Director Ortega, stated that the added funds from AAWDM would provide sufficient resources to defend the membership against hostile legislation and that the use of insurance brokers to reach mutual water companies would allow CAMWC to allocate resources to effectively provide the limited programs the organization currently offers with more efficiency. Chairman Byerrum accepted a motion by Board member Michalko to approve the first budget option that includes \$319,030 with incorporation of \$100,000 in funding from AADWM for a comprehensive grass-roots effort that will result in legislative authorization of a Joint Powers Insurance Authority between CAMWC and AAWDM to form a “nor-risk” insurance pool in California for mutual water companies; and secondly, to authorize of a CAMWC Steering Committee (“the task force”) to supervise the budget and direction of this effort during 2015. The motion passed with board member Boerman abstaining.

February 20, 2015 Annual Meeting: Chairman Byerrum asked Executive Director Ortega to provide a status of board member nominations, to the members assembled acting as the Board Nominations Committee. Mr. Ortega reported that two formal nominations had been received for each of the following: Lisa Yamashita-Lopez of Rubio Cañon Land and Water Association; Ken Bradbury of Montebello Land and Water Company. Board Member Robert Hayward and Board Member Vizzini expressed that they preferred not to be nominated for a full term on the board at the upcoming Annual Meeting for personal reasons but that they would remain in full support of CAMWC as called upon. Executive Director Ortega placed forward a list of 11 potential members that could be placed in nomination for election to the board of directors. Board Member Yamashita Lopez then moved that the board be expanded to 9 members and that the following individuals be placed forward to the annual meeting as nominees subject to confirmation of support by their respective boards of directors:

Jim Byerrum, California Domestic Water Company
David Michalko, Valencia Water Company
Lisa Yamashita Lopez, Rubion Cañon Land and Water Company
Kenneth Bradbury, Montebello Land and Water Company
Flip Boerman, Pine Valley Mutual Water Company
Ken Deck, Bellflower Somerset Mutual Water Company
David Armstrong, South Mesa Mutual Water Company
Douglass Nunneey, Oildale Mutual Water Company
Charles Moorees, San Antonion Water Company

The motion was seconded by Board Member Vizzini and was unanimously approved.

The Nominations Committee decided to defer the question of officers until January 2015, and to direct staff to organize the Annual Meeting for February 20, 2015, to be held at the conference center located at the Rancho Cucamonga Water District in the City of Rancho Cucamonga.

New Business: No new business was discussed.

Next Board Meeting: The board agreed to meet on January 20, 2015, at the Lincoln Avenue Water Company in Altadena, in Los Angeles County.

The meeting was adjourned at 1:30 pm.

Attachment 2

To: Board of Directors

From: Adan Ortega

Date: January 20, 2015

Subject: Resignation of Director Flip Boerman

Attached is a letter from Director Flop Boerman who wishes to resign from the Board of Directors of the California Association of Mutual Water Companies.

Staff Recommendation: staff recommends that the Board of Directors accept Director Boerman's resignation and authorize a letter commending him for his service to the organization.

PINE VALLEY MUTUAL WATER COMPANY

28789 Old Highway 80
P.O. Box 148, Pine Valley, CA 91962-0148
Phone: 619-473-8450
Fax: 619-473-1030
Email: pvmh2o@hotmail.com

January 7, 2015

Mr. James Simonelli
2971 Warren Lane
El Dorado Hills, CA 95762

Dear Jim,

As you are aware, my Board of Directors has declined to authorize my possible continued membership on the Cal Mutuals Board of Directors via the upcoming elections. As I think I have referenced to you before, for the last 20 years or so Pine Valley's Board of Directors has been made up entirely of law enforcement personnel or at the very least 80% of law enforcement officers. As a result, they are deliberate in their decisions and extremely sensitive to both ethical and legal issues.

The decision by Cal Mutuals to branch out into a partnership with private individuals (Mr. Fuller and his father) placed my Board in the ethical quandary, as to whether they could justify utilizing our customers money for what in the end will be an insurance program that is owned separately from Cal Mutuals. It was their decision, upon confirmation by our legal counsel that this use of our customer's funds was not a road we should go down. It was stressed that if the insurance group were to be owned by Cal Mutuals, similar to the way CRWA owns URIS instead of going to an individual, that it could place a different light on things.

In addition, there was disappointment on my Board that Cal Mutuals appears to be losing their focus on the reason the Association was formed in the first place, which was to fight Sacramento. They were so pleased with the results of the first year, so much to the point that I had the authority to come and go as I pleased to further the efforts of Cal Mutuals. They recognize the Cal Mutual Boards authority to make changes as they deem necessary but at the same time felt these recent decisions required distance between Pine Valley Water and the Association.

On a personal note, the change in direction by Cal Mutuals has placed me in the position of having a possible conflict of interest in most everything that Cal Mutuals will be attempting to do. Because CRWA and URIS are essentially doing the same thing, i.e., grant writing, insurance, training and technical assistance, it would put me in the position of having to abstain from many decisions. My Board also recognized this and felt it was in my best interest to be limited to the CRWA and URIS programs.

Lastly, because of the concerns listed above my Board has directed me to request that our Pine Valley Mutual Water Company's name be removed from the roster of Cal Mutuals as well as its letterhead in order to disassociate Pine Valley Water from any assumption on anyone's part that we are in agreement with the partnership that involves utilizing customer money for individual benefit.

As a result, I believe it is in the best interest of all involved for this letter to also be considered my resignation from the California Association of Mutual Water Companies effective January 9, 2015. I have sincerely enjoyed my time on this Board and have done my best to assist the Association in its growth and focus on fighting against state bills that were deemed detrimental to the mutual's and their operations. I appreciate the acceptance each one of you showed me and wish you nothing but the best in your future endeavors.

Sincerely,

A handwritten signature in black ink, appearing to read 'Philip B.', with a long horizontal flourish extending to the right.

Philip "Flip" Boerman
Manager

Cc: PVMWC Board of Directors

Attachment 3

TO: Board of Directors

FROM: Adán Ortega, Executive Director

DATE: January 20, 2015

SUBJECT: Board of Director 2015 Meeting Dates

The Board of Directors meeting dates for consideration and review are listed below. Meetings will take place at 11:00 a.m. and the locations are to be determined.

January 20, 2015

February 20 – Annual Meeting

March 25, 2015

April – Roundtable

May 19, 2015

June 16, 2015

July – Roundtable

August 18, 2015

September 15, 2015

October – Roundtable

November 17, 2015

December 15, 2015

Attachment 4

97 Members Total, 14 New Members		
<u>Company</u>	<u>New Member</u>	<u>Date Joined</u>
Egan CPAs LP	Yes	1/6/2015
National Meter and Automation Inc.	Yes	1/6/2015
Gresham Savage Nolan & Tilden, PC	Yes	12/4/2014
End-O-Valley Mutual Water Company	Yes	12/3/2014
Sterling Mutual Water Co	Yes	12/2/2014
The Pun Group	Yes	12/2/2014
PK Construction	Yes	11/10/2014
W.A. Rasic Construction Co., Inc	Yes	11/7/2014
Page Avenue Mutual Water Company	Yes	11/6/2014
Carbon Activated Corporation	Yes	11/6/2014
Echologics LLC	Yes	11/5/2014
Green Acres Mutual Water Company	Yes	11/4/2014
Aspen Environmental Group	Yes	11/4/2014
Southland Pipe Corp	Yes	11/4/2014

Attachment 5

California Association of Mutual Water Companies Demand Sheet

2:41 PM

01/15/15

Date	Num	Memo	Amount
Adan Ortega Associates			
02/01/2015		Feb 2015 Services-Organization Management, Office Rent and Utilities	10,250.00
Total Adan Ortega Associates			10,250.00
Regus Management Group			
01/14/2015	301-9175	Jan-Mar 2015 Sacramento Mailing Address	297.00
Total Regus Management Group			297.00
Utility Resource Insurance Services			
01/14/2015		2015 General Liability, Wrongful Acts and Professional Liability Insurance	1,103.00
Total Utility Resource Insurance Services			1,103.00
TOTAL			11,650.00

California Association of Mutual Water Companies Balance Sheet

2:36 PM

01/15/15

As of December 31, 2014

Accrual Basis

	Dec 31, 14
ASSETS	
Current Assets	
Checking/Savings	
1210 - Wells Fargo Bank	73,362.86
Total Checking/Savings	73,362.86
Accounts Receivable	
1510 - Accounts Receivable	2,100.00
Total Accounts Receivable	2,100.00
Total Current Assets	75,462.86
TOTAL ASSETS	75,462.86
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2170 - Unearned Membership Dues	31,750.00
Total Other Current Liabilities	31,750.00
Total Current Liabilities	31,750.00
Total Liabilities	31,750.00
Equity	
3900 - Retained Earnings	-8,400.00
Net Income	52,112.86
Total Equity	43,712.86
TOTAL LIABILITIES & EQUITY	75,462.86

2015 Approved CAMWC Budget and Cash Flow

as of January 13, 2015

	Budget	Q4 Actual	Jan Actual	Q1 Est	Q2 Est	Q3 Est	Q4 Est	Total
<u>INCOME</u>								
Charter Membership	128,300	24,000	14,000	63,400	9,300	9,300	9,300	129,300
Regular Membership	39,200	7,750	3,200	3,800	12,750	6,300	5,400	39,200
Affiliate Membership	2,750	-	750	250	-	1,250	500	2,750
Sponsorships	3,000	-	-	750	750	750	750	3,000
Advertising	900	-	-	225	225	225	225	900
Meetings	1,800	-	-	450	450	450	450	1,800
Webinar	-	-	-	-	-	-	-	-
JPIA (AAWDM)	100,000	-	-	23,270	18,000	18,000	6,000	65,270
Initiative A (Nossaman)	-	-	-	1,100	-	-	-	1,100
Interest Income	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	275,950	31,750	17,950	93,245	41,475	36,275	22,625	243,320
<u>EXPENSE</u>								
Management Contract	120,000	-	10,000	20,000	30,000	30,000	30,000	120,000
Attorney Fees	18,000	-	-	4,500	4,500	4,500	4,500	18,000
Office Space/Rent	3,000	-	250	500	750	750	750	3,000
Accounting	1,000	-	-	-	1,000	-	-	1,000
Insurance	1,150	-	-	1,150	-	-	-	1,150
Staff Travel	10,000	-	-	2,500	2,500	2,500	2,500	10,000
Meetings	1,500	-	-	375	375	375	375	1,500
IT/Website	1,000	-	-	250	250	250	250	1,000
Taxes	1,000	-	-	-	1,000	-	-	1,000
Telephone	840	-	-	210	210	210	210	840
Merchant Fees	1,000	-	29	221	250	250	250	1,000
Webinar	-	-	-	-	-	-	-	-
Lobbying (K-Street)	50,000	-	-	7,500	7,500	7,500	7,500	30,000
JPIA (Lobbying)	100,000	-	-	21,000	21,000	21,000	7,000	70,000
JPIA (Legal)	10,540	-	3,597	6,943	-	-	-	10,540
Miscellaneous	-	-	-	-	-	-	-	-
Sub Total	319,030	-	13,876	65,149	69,335	67,335	53,335	269,030
Net Total	(43,080)	31,750	4,074	28,096	(27,860)	(31,060)	(30,710)	(25,710)
<u>Cash Flow</u>								
Beginning Balance		41,613	73,363	77,437	105,533	77,673	46,613	
Net Revenues		31,750	4,074	28,096	(27,860)	(31,060)	(30,710)	
Ending Balance		73,363	77,437	105,533	77,673	46,613	15,903	

2015 Accounts Receivable

as of January 12, 2015

Member	Dues	Paid	Date	NOTES:
CHARTER				
Blanche Vizzini	100			
Amarillo Mutual Water Co.	1,200			
Bellflower - Somerset	12,000			Monthly Invoice \$1,000
Cal Domestic Water Co.	12,000	12,000	12/30/2014	PAID
Covina Irrigating Company	12,000			
Del Rio Mutual Water Co.	1,200			Monthly Invoice \$100
Lincoln Avenue Water Co.	12,000			
Montebello Land and Water Co	12,000			
Pine Valley Mutual Water Co	3,000			
Rubio Cañon Land and Water Association	12,000	12,000	12/18/2014	PAID
Sunny Slope	12,000	12,000	1/12/2015	PAID
Valencia Heights	12,000	1,000	1/6/2015	Monthly Invoice \$1,000
Valley View	12,000			Monthly Invoice \$1,000
Valley Water Company	12,000			
<i>Subtotal</i>	<i>125,500</i>	<i>37,000</i>		
REGULAR/AFFILIATE				
Sundale Mutual Water Co	50	50	12/18/2014	PAID
Webb Oak Mutual Water Co	50	50	12/29/2014	PAID
Tecate Vista	50	50	12/29/2014	PAID
Rancho Pauma Mutual Water Co	1,250	1,250	12/29/2014	PAID
Tract 349 Mutual Water Companyu	1,250	1,250	12/29/2014	PAID
West Cuca Mutual Water Company	50	50	12/29/2014	PAID
San Andreas Mutual Water Company	50	50	12/29/2014	PAID
Oildale Mutual Water Company	5,000	5,000	12/29/2014	PAID
Rancho Santa Teresa MWC	50	50	1/6/2015	PAID
Averydale Mutual Water Co	500	500	1/6/2015	PAID
Bleich Flat Mutual Water Co	50	50	1/6/2015	PAID
Mayer Hoffman McCann PC	250	250	1/6/2015	PAID
El Dorado Mutual Water Company	50	50	1/6/2015	PAID
South Mesa Water Company	2,500	2,500	1/6/2015	PAID
South Midway City Mutual Water Company	50	50	1/6/2015	PAID
National Meter & Automation Inc	250	250	1/6/2015	PAID
Egan CPAs LP	250	250	1/7/2015	PAID-credit card
Cathedral Wood	50			
Maywood Mutual Water Company #1	1,250			
Robert Brkich Construction Corp	250			
Walnut Park Mutual Water Company	2,500			
<i>Subtotal</i>	<i>15,750</i>	<i>11,700</i>		
Total	141,250	48,700		
Notes:				
RED=Past Due				
iFlow Advertising	\$75	\$75	01.13.15	PAID - credit card

<u>2015 Dues Schedule</u>						
REGULAR MEMBERS ("any duly created business entity operating in California as a mutual water company")						
Tier A: \$4M+ in annual revenues	\$5,000/year					
Tier B: \$1M+ in annual revenues	\$2,500/year					
Tier C: \$500k+ in annual revenues	\$1,250/year					
Tier D: \$250k+ in annual revenues	\$500/year					
Tier E: \$100k+ in annual revenues	\$250/year					
Tier F: Less than \$100k in annual revenues	\$50/year					
AFFILIATE MEMBERS ("any person or business that provides goods or services to Regular Members, or otherwise desires to support CAMWC")						
Affiliate Members	\$250/year					
INDIVIDUAL MEMBERS ("any person who desires to join the Association")						
Individual Members	Varies					

Attachment 6

TO: Board of Directors

FROM: Lisa Yamashita Lopez, Chair, Legislative Committee
Adán Ortega, Jr., Executive Director

DATE: January 20, 2015

SUBJECT: Legislative Program & Approach for 2015

CalMutuals undertook a successful legislative program in 2014 that not only defended members from another round of hostile legislation, AB2443 (Rendon), but advanced a positive agenda. As a result of 2014's efforts, CalMutuals members are eligible for grants from Proposition 1, a water bond approved by the voters in November '14. Cal Mutuals has also become a point of reference for mutual water companies and legislators grappling with the high cost of complying with a new standard for hexavalent chromium (Cr6) that became effective in July '14. And, mutual water companies around the state are eager to amend AB240, especially on issues related to expensive financial reviews the law mandates.

Legislative Program for 2015

The Cal Mutuals Board appointed a task force to guide legislative approval of a measure that would grant CalMutuals the ability to enter into a joint powers insurance authority (JPIA) with another not for profit entity, in order to provide affordable insurance to its membership that would also help fund capacity-building programs for its membership. Such programs that would become possible as a result of proceeds from an CalMutuals JPIA would include grant writing, legal assistance, as well administrative and financial management resources. Careful planning and preparation by the Cal Mutuals JPIA Task Force has resulted in funding of the initiative at great financial savings for CalMutuals, providing the association with the capacity to advance a legislative program that does the following:

- 1) Provides the ability to monitor for and counter hostile legislation
- 2) Make progress in facilitating grants for its members
- 3) Provide a platform for member-driven initiatives to deal with Cr6 and onerous provisions in AB240

Recommendation:

- 1) To accomplish these three components of a legislative program for 2015, staff has requested modest support from a legislative advocate in Sacramento to monitor and report legislative activity, represent the organization in meetings as directed by the executive director, and help

CalMutuals build relationships with key legislators and legislative caucuses. The cost is approximately \$2500 per month for the services of K-Street Advocates. K-Street was a finalist in the search for a legislative advocate in the JPIA initiative and was interviewed by executive officers of the Cal Mutuals Board.

2) It is further recommended that the Cal Mutuals Legislative Committee meet monthly or as needed and be comprised of the following members: Lisa Yamashita-Lopez; Chair, Ken Tchong, Vice Chair; and David Armstrong.

Budget

Established Budget for JPIA Effort \$10,000 for 10 months \$100,000

Actual for retained services: \$6,000 for 10 months \$60,000

Net Difference: Saved \$40,000

Established Budget for contingency in the event of hostile legislation: \$50,000

Actual allocated: 0

Total allocated: \$60,000

Additional request: \$30,000 (K Street)

Total retained for contingency: \$60,000 (JPIA & Contingency budget combined)

Attachment 7

TO: Board of Directors

FROM: Adán Ortega, Executive Director

DATE: January 20, 2015

SUBJECT: JPIA TaskForce

On November 14, 2014, the CalMutuals Board of Directors met and appointed a Task Force to undertake timely action to gain legislation that would authorize CalMutuals to form a Joint Powers Insurance Authority. The Board appointed Dave Michalko as Task Force Chair as well as Paul Fuller representing the American Association of Water Distribution & Management (AAWDM), General Counsel Jim Ciampa and myself as Executive Director. Lisa Yamashita-Lopez also participated as an ex-officio member as Chair of the CalMutuals Legislative Committee .

The task force met three times during December to evaluate draft legislative language and potential lobbyists. On December 8th the Task Force reviewed draft language developed by General Counsel Jim Ciampa and agreed to use two versions that vary only in their length with a longer version including more detail that may be desirable depending on the number of legislative committees the bill is referred to in the Assembly and Senate. The Task Force also determined that the language developed by Jim Ciampa addressed questions by several board members about potential issues that may arise if membership in the Association required the purchase of JPIA insurance products through brokers. The development of the language took care to avoid such a contingency on membership.

Chair Michalko, Paul Fuller and I also traveled to Sacramento on December 18th to interview four lobbying firms that were identified for this effort and were joined by CalMutuals Chair Jim Byerrum acting as ex-officio.

During a Task Force call on December 23, 2014, it was agreed to recommend that the board approve the retention of the firm of Sloat, Higgins and Jensen, and to keep an option open to also seek the assistance of Mr Afrack Vargas of K Street Advocates. The proposals were all within budget so the committee was able to evaluate the firms based upon the interviews, submitted proposals, scope of services proposed, fee and the cost of supplemental support should we be required to again fight hostile legislation.

On January 5, 2015, the following members of the Board voted to approve the Task Force Recommendation via email: Byerrum, Yamashita-Lopez, Bradbury, Michalko, and Hayward. Director Boerman abstained, and while Board Member Vizzini was contacted by telephone in the affirmative, we never received a written response.

Vote in favor of Sloat, Higgins, and Jensen:

From: Dave Michalko <dmichalko@vhwc.org>

Yes

From: Ken Bradbury <ken@mtblw.com>

Date: January 5, 2015 at 2:54:03 PM PST

Subject: RE: Confidential (Please do not forward or circulate) Motion to Authorize Agreement with Sloat, Higgins & Jensen

To: ADAN ORTEGA <adanortega@me.com>

yes

Kenneth S. Bradbury

From: Jim Byerrum <JByerrum@cdwc.com>

To: ADAN ORTEGA <adanortega@me.com>

Yes

Jim Byerrum

From: Robert Hayward <bhayward@lawc.org>

To: 'ADAN ORTEGA' <adanortega@me.com>

Adan, I will support this action with a yes vote.

Robert J. Hayward
General Manager

From: PINE VALLEY MUTUAL WATER COMPANY [<mailto:pvmh2o@hotmail.com>]

Adan,

As a result of my position as President of the Utility Resource Insurance Agency I shall place my vote as "**abstain**" so as to avoid any appearance of conflict of interest.

Philip "Flip" Boerman

From: Lisa Yamashita-Lopez <lisa@calmutuals.org>

Adan,

Thank you for your status update over the holiday. Your recap and explanation was great.

Vote = Yes

Lisa

Following is a summary of the proposals received, strategic summary and fee:

Sloat, Higgins and Jensen:

Strategic Direction: Introduce in the Assembly first / seek support of insurance and local government committee chairs

Proposed Fee: JPIA/\$6,000 mo (\$60,000) Defense: \$5,000-\$7,000 additional

Capitol Advocacy:

Strategic Direction: Introduce in the Senate first / seek support of Latino Caucus early

Proposed Fee: JPIA/\$8,000 mo (\$80,000)

K Street Advocates:

Strategic Direction: Solicit support from Latino Caucus, Labor, Tribes early

Proposed Fee: JPIA: \$40,000 x 2 (\$80,000 second payment based upon performance) JPIA Plus Defense: If CalMutuals makes 12 payments of \$7500 - \$10,000 depending on load (\$90,000-\$120,000 Total)

California Strategies:

Strategic Direction: Get SWRCB Chair to champion this approach as part of state effort to address small systems

Proposed Fee: JPIA: \$10,000 mo (\$100,000)

On January 7th, the TaskForce agreed to approach Senator Bob Hertzberg, Chairman of Senate Governance and Finance Committee, to gather his feedback and potential authorship. Kelly and Adan were tasked with working on a 'white paper' that will outline (i) the problem we are seeking to address, (ii) our approach and (iii) the potential benefits. In order to gather support for the legislation, Adan pledged to schedule a meeting with Felicia Marcus, SWRCB, to seek her/SWRCB's support for the concept. Jim Ciampa and Kelly Jensen agreed to work together to simplify the language of Government Code that already addresses mutual water companies and JPAs with public entities.

During the week of January 12th, Jim Ciampa revised the bill language in a manner that eases incorporation into the Government Code that already addresses mutuals and JPA's with public agencies (Attachment 8) . That language has been reviewed by Kelly Jensen and Adan.

Kelly has used the updated language to present the idea to State Senator Bob Hertzberg who has directed that a full discussion take place with his Chief of Staff, Diane Griffiths. Both the Senator and Kelly are floating the concept to other members of the local government committee and staff for feedback.

On Friday, January 16th, the bill went to legislative counsel to be placed into proper legislative form for consideration by its final author.

Attachment 8

LEGISLATIVE FINDINGS:

SECTION 1. Government Code Section 990.8 is amended to read as follows:

Section 990.8: (a) Two or more local public entities or two or more non-profit corporations as authorized under Section 6525, by a joint powers agreement made pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7, may provide insurance authorized by this part or for any other purpose by any one or more of the methods specified in Section 990.4. Where two or more hospital districts have joined together to pool their self-insurance claims or losses, any nonprofit corporation created pursuant to subdivision (p) of Section 32121 of the Health and Safety Code, and affiliated with a hospital district which is a party to the pool may participate in the pool.

(b) Two or more local public entities having the same governing board, or two or more non-profit corporations as authorized under Section 6525, may be coinsured under a master policy and the total premium may be prorated among those entities and, if applicable, their members.

(c) The pooling of self-insured claims or losses among entities as authorized in subdivision (a) of Section 990.4 shall not be considered insurance nor be subject to regulation under the Insurance Code.

(d) Any liability or loss under a joint powers agreement for the pooling of self-insured claims or losses authorized by this part and provided pursuant to this section may, notwithstanding Section 620 of the Insurance Code or any other provision of law, be reinsured to the same extent and the same manner as insurance provided by an insurer.

(e) Where a joint powers agreement authorized by this part or authorized pursuant to Section 6516 provides for the pooling of self-insured claims or losses among entities, if any peril insured or covered under contract has existed, and the joint powers authority or other parties to the pool have been liable for any period, however short, the agreement may provide that the party insured or covered under contract is not entitled to the return of premiums, contributions, payments, or advances so far as that particular risk is concerned.

SECTION 2. Government Code Section 6525 is amended as follows:

(a) Notwithstanding any other provision of this chapter, a mutual water company may enter into a joint powers agreement with any public agency for the purpose of jointly exercising any power common to the contracting parties.

(b) Notwithstanding any other provision of this chapter, any non-profit corporation organized as a statewide association of mutual water companies (as defined in Corporations Code Section 14300) in this state and any non-profit corporation qualified to do business in this state whose purpose is to provide technical support, continuing education, safety engineering, operational and managerial advisory assistance and grant funding assistance for small water systems, and their respective members, may be considered public agencies, as defined in Section 6500, solely for the purpose of being eligible for membership in a joint powers agreement for risk-pooling and other services to be provided for the members of those respective non-profit corporations through that joint powers agency. As used in this section, the term “small water systems” refers to water systems with less than 3,000 service connections. Any rights provided by this section shall not affect any rights of a mutual water company to become a member of a joint powers agency pursuant to Section 6525.

Attachment 9

TO: Board of Directors

FROM: Adán Ortega, Executive Director

DATE: January 20, 2015

SUBJECT: Annual Meeting

The CAMWC Board of Directors voted at its November 14 meeting to expand the number of directors on the Association's Board to nine. In addition, the Board, acting in its capacity as the Association's Nominating Committee, had initially nominated the following as candidates, to be considered for election at the February 20, 2015 annual meeting of the Association: incumbent directors: Flip Boerman, Ken Bradbury, Jim Byerrum, Dave Michalko and Lisa Yamashita-Lopez; and possible new directors: Ken Deck, David Armstrong, Doug Nunnelly and Charles Moorreess.

The Association will also consider any further nominations from the membership that comply with the nominating requirements. As of January 18th, one additional nomination has been received.

Of the nominated candidates the following have been confirmed by their board: Jim Byerrum, Dave Michalko, Lisa Yamashita-Lopez, David Armstrong, Doug Nunnelly.

Additional Nomination: Ken Tcheng, Sunny Slope Water Company.

Pending Board Confirmation: Ken Bradbury, Ken Deck, Charles Mooreess.



Daniel Liese, Chairman
Robert Ghirelli, Vice-Chairman
Curtis Feese, Treasurer
Wayne Partee, Secretary
Eugene Jacobs, Director
Norman Richman, Director
Ronald Wheeler, Director

P. David Michalko, General Manager
Barbara Karady, Exec. Administrator

December 23, 2014

CalMutuals
Mr. Adan Ortega
Executive Director
1440 N Harbor Blvd., Suite 900
Fullerton, CA 92835

Re: Support for Mr. Dave Michalko's Nomination to CalMutuals' Board of Directors

Dear Mr. Ortega:

On behalf of the Valencia Heights Mutual Water Company's Board of Directors, we are pleased to inform you that we support Mr. Dave Michalko's participation on the Board of CalMutuals and, thus, confirm his nomination.

Sincerely,

Daniel C. Liese
Chairman of the Board
Valencia Heights Water Company

3009 East Virginia Avenue - West Covina, CA 91791-2252
(626) 332-8935 - Fax: (626) 332-9441 - email: info@vhwc.org





**Oildale
Mutual
Water
Company**

INCORPORATED OCTOBER 30, 1919

Phone (661) 399-5516

Fax (661) 399-5598

2836 McCray

P.O. Box 5638

BAKERSFIELD, CA 93388

December 16, 2014

Mr. Adan Ortega
Executive Director
CalMutuals
1440 N. Harbor Blvd., Ste. 900
Fullerton, CA 92835

RE: Support for Mr. Doug Nunneley's Nomination to CalMutuals Board of Directors

Mr. Ortega:

On behalf of the Oildale Mutual Water Company Board of Directors, we are pleased to inform you that we support Mr. Doug Nunneley's participation on the Board of CalMutuals and thus, confirm his nomination.

Sincerely,

Lonny Boller
Board President
Oildale Mutual Water Company

December, 2014

Mr. Adan Ortega
Executive Director
CalMutuals
1440 N. Harbor Blvd., Ste. 900
Fullerton, CA 92835

Re: Support for Mr. David Armstrong's Nomination to CalMutuals Board of Directors

Mr. Ortega:

On behalf of the South Mesa Water Company Board of Directors, we are pleased to inform you that we support Mr. David Armstrong's participation on the Board of CalMutuals and thus, confirm his nomination.

Sincerely,

A handwritten signature in cursive script, appearing to read "George Jorristma".

George Jorristma
Board President
South Mesa Water Company



December 2, 2014

Mr. Adan Ortega
Executive Director
Cal Mutuals
1440 N. Harbor Blvd., Ste. 900
Fullerton, CA 92835

Re: Support for Mr. Jim Byerrum's Nomination to Cal Mutuals Board of Directors

Mr. Ortega:

On behalf of California Domestic Water Company Board of Directors, we are pleased to inform you that we support Mr. Jim Byerrum's participation on the Board of CalMutuals and thus, confirm his nomination.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Jones", is written over the word "Sincerely,".

Richard Jones
Board Chairman
California Domestic Water Company



Rubio Cañon Land and Water Association

583 E. SACRAMENTO STREET, ALTADENA, CA 91001-3023 (626) 797-0509 • FAX (626) 797-0520

November 19, 2014

Mr. Adan Ortega
Executive Director
California Association of Mutual Water Companies
1440 N Harbor Blvd, Suite 900
Fullerton, CA 92835

Re: Rubio Board of Directors Support for 2015

Dear Mr. Ortega:

The Board of Directors for Rubio Cañon Land and Water Association is pleased with the growth, community outreach, and the proactive approach on legislation that CalMutuals has provided over the past year. We understand that having dedicated staff and a Board of Directors is a key component for a successful organization. The Rubio Board supports the continued participation of Lisa Yamashita-Lopez on the CalMutuals Board and assigned committees.

Sincerely,

A handwritten signature in dark ink, appearing to read "Janet Fahey".

Dr. Janet Fahey
President
Rubio Cañon Land and Water Association

Attachment 10

TO: Board of Directors

FROM: Adán Ortega, Jr., Executive Director

DATE: January 20, 2015

SUBJECT: Board Nomination - Ken Tcheng

On January 7, 2015 Director Flip Boerman, Pine Valley Mutual Water Company, informed the board and staff of his resignation from the Board of Directors. As a result of this action, Chairman Jim Byerrum nominated Ken Tcheng to serve on the board of directors; Secretary Dave Michalko also nominated Ken Tcheng; thus, confirming the nomination and fulfilling the guidelines presented in the bylaws.

As outlined in the bylaws, a letter requesting support of Mr. Tcheng's nomination has been forwarded to Sunny Slope Mutual Water Company for review.

Email nominations from Chairman Byerrum and Secretary Michalko are below:

On Thu, Jan 15, 2015 at 10:22 AM, Jim Byerrum <JByerrum@cdwc.com> wrote:

Denise,

By this email, I am honored to nominate Ken Tcheng for board membership to the California Association of Mutual Water Companies. Thank you.

Jim Byerrum

I as a member of CalMutuals, in good standing, do here by nominate Mr. Ken Tcheng to server on the Board of CAMWC.

Also, on Monday I took the liberty to invite Ken to the January board meeting.

Dave
Sent from my Verizon Wireless 4G LTE DROID

Nominating Committee

Background Discussion: Based on CalMutuals bylaws, a quorum of 33% of the Regular members (19 members) is required to transact any business¹. As of October 1, 2014, we have 60 Regular members. Notices for any meeting can be by regular mail or email.² Only Regular members have the right to vote and elect directors, either by mail, in person or by proxy.³

Committee Creation: Staff recommends that the CalMutuals Board of Directors establish itself as the nominating committee for board members. This issue is too important to leave any board members out of the nomination process.

Below is the proposed nomination process for new board directors.

1. Only Regular members can make nominations.
2. Individuals cannot nominate themselves. A nominee must be nominated by two separate Regular members, in writing to be provided to the Executive Director by e-mail or regular mail.
3. The nominee must also submit, on letterhead of the mutual water company with which the nominee is affiliated, approval from that nominee's own board of directors stating that the nominee is cleared to serve on the CalMutuals board.
4. Nominations can be submitted electronically or by regular mail to the CalMutuals Executive Director any time during the calendar year, but no later than 30 days prior to the annual meeting.
5. Based on the number of nominees, the Board of Directors may, in its sole discretion, increase the number of directors to serve on CalMutuals' Board in order to open more Board seats (up to 21 seats are allowed based on Article IV, Section 1). As an example, if there are 2 retiring Board members and 4 nominees, the Board of Directors could open 2 extra board seats to accommodate all nominees.
6. The Nominating committee must notify the membership in writing (email or regular mail), not less than 10 days prior to the annual meeting, the names of the nominees and the number of open board seats.
7. Article III, Section 9 of the bylaws outlines the requirements for ballots, including the time by which the ballot must be received in order to be counted.

¹ Article III, Section 6

² Article III, Section 5

³ Article III, Section 8