



CalMutuals Board of Directors Meeting

Tuesday, June 20, 2017

1:30 p.m., or thereafter upon completion of the Cal Mutuals JPRIMA Board Call

Call-in Number: (712) 775-7031

Access Code: 540-575-707#

Agenda

1:30 p.m.:

- 1) Call to Order (Chair Yamashita-Lopez)
- 2) Roll Call
- 3) Review and Approval of May 16, 2017 Board Meeting Minutes
- 4) Review and Approval of the June 2, 2017 Annual Meeting Minutes
- 5) Review and Possible Appointment of Rick Cook to fill Board Vacancy (Ciampa)
- 6) Chair's Report
- 7) Executive Director's Report
- 8) Committee Chairs' Report
 - a. Legislative Committee
 - b. Regulatory Affairs Committee
- 9) Budget Report
 - a. Review and Approval of Demand Sheet
 - b. Financial Statements
- 10) Director Comments
- 11) Adjourn (2:30 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. David Armstrong – Vice President
South Mesa Water Company
909-795-2401 | 951-805-0861 391
West Avenue L, Calimesa, CA 92320
darmstrongsmwc@yahoo.com

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. 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

Ms. Lynda Noriega
Vice President
California Domestic Water Company
562-947-3811
15505 Whittier Blvd., Whittier, CA 90609
lnoriega@caldomestic.com

California Association of Mutual Water Companies (CalMutuals)
Board of Directors Meeting Minutes
May 16, 2017

Call to Order: Chair Yamashita-Lopez called the meeting to order at 1:33 p.m.

Present: Lisa Yamashita-Lopez (Director, President & Chair), Dave Armstrong (Director, Vice President), Dave Michalko (Director, Secretary – joined the meeting at 2:02 p.m.), Doug Nunneley (Director), 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, Paul Fuller.

Absent: None.

Review and Approval of the April 18, 2017 Board Meeting Minutes: On a motion made by Director Nunneley, seconded by Vice President Armstrong, the April 18, 2017 board meeting minutes were unanimously approved, as submitted.

Chair's Report: Chair Yamashita-Lopez reported that staff had developed new member packets which she asked that staff forward to the board once final edits were incorporated. Chair Yamashita-Lopez added that she continues to assist Averydale Mutual Water Company with various concerns. Chair Yamashita-Lopez asked staff for an update regarding the technical assistance applications that were submitted to the State Water Resources Control Board and Executive Director Ortega stated that all of the applicants had received a response from the State Water Resources Control Board regarding the status of their application. Managing Director Peralta Gailey reported that staff had submitted a technical assistance application on behalf of Mi-Wuk Heights Mutual Water Company.

Executive Director's Report: Executive Director Ortega reported that he and President Yamashita-Lopez would be meeting with Rick Cook of Bellflower Somerset Mutual Water Company to discuss joining the board of directors. Executive Director Ortega added that he had also spoken with Julie Hutchinson of Banning Heights Mutual Water Company about joining the board. Managing Director Peralta Gailey added that she had spoken to Van Grayer of Vaughn Water Company about joining the board.

Committee Chairs' Report: Vice President Armstrong provided an overview of the bills that the legislative committee has taken positions on adding that the next legislative committee meeting would be taking place by phone on Wednesday, May 17th. Director Tchong provided a detailed report of the issues discussed during the regulatory affairs committee call which included updates regarding: (1) Chrom6; (2) 1,2,3-TCP, and (3) Perchlorate.

Budget Report: Staff Member Evangelista provided an overview of the demand sheet. On a motion made by Vice President Armstrong seconded by Director Nunneley, the demand sheet was unanimously approved. Staff Member Evangelista disseminated and reviewed the financial statements noting that there is currently \$22,220.80 in the bank. Director Armstrong added that his office had mailed a check for charter membership in the amount of \$12,000.

Director Comments: President Yamashita-Lopez asked Mr. Fuller to contact Zenith Insurance Company regarding invoicing as her office received two incorrect invoices from the insurance company.

Adjourn: Chair Yamashita-Lopez adjourned the meeting at 2:06 p.m.

California Association of Mutual Water Companies (CalMutuals)
Minutes of the Annual Membership Meeting
June 2, 2017

Call to Order: Secretary of the Board Dave Michalko called the meeting to order at 11:06 a.m. He announced that he was presiding over the meeting given the absence of Lisa Yamashita-Lopez (Director, President & Chair), and Dave Armstrong (Director, Vice President). Secretary Michalko noted that Doug Nunneley (Director), Jim Byerrum (Director), Ken Bradbury (Director), Ken Tchong (Director), as well as Adan Ortega (Staff, Executive Director), Denise Peralta Gailey (Staff, Managing Director), Myra Evangelista (Staff, Treasurer), Jim Ciampa (Legal Counsel), and Lynda Noriega were present.

Establishment of a Quorum: Legal Counsel Jim Ciampa announced that 65 members were present in person or by proxy, establishing a quorum of over one-third (33.3%) of the 187 members to conduct the business of the organization.

Election of Directors: Legal Counsel Jim Ciampa announced that to fill two of three positions on the board of directors open for election (one by vacancy), Dave Michalko and Doug Nunneley had been duly nominated for election. Legal Counsel Ciampa opened the floor for additional nominations and none were made. Closing the nominations process, Legal Counsel Ciampa announced the election of Dave Michalko with 52 votes, and Doug Nunneley with 51 votes to the Board of Directors for three-year terms.

Presentation of Awards: Director Jim Byerrum presented the “Blanche Vizzini Award” to CalMutuals Treasurer, Myra Evangelista, for her outstanding service in the establishment and management of CalMutuals and CalMutuals JPRIMA.

Secretary Michalko and Executive Director Adan Ortega presented awards for outstanding volunteer service to Van Grayer of Vaughn Water Company for his leadership in the establishment of a standard for 1,2,3, TCP, helping affected water suppliers to recover costs from parties responsible for contamination; and to Owen Sharp of San Andreas Mutual Water Company, for his efforts to assist in the litigation to invalidate an unjust standard for hexavalent chromium that was adopted by the State of California without complying with the law requiring an affordability study be conducted.

Raftelis Rate-Setting Workshop: Sanjay Gaur and Kevin Kastivk of Raftelis Financial Consultants conducted an informative and engaging workshop about the factors affecting water rates and the process of adopting a water rate structure.

Holman Capital Finance Presentation: Frank Gill of Holman Capital Corporation provided a presentation about traditional and new innovative strategies mutual water companies can employ to finance capital improvement projects.

Executive Director’s Report: Executive Director Ortega reported that two groups would be meeting during a working lunch upon adjournment of the annual meeting to consider strategies for dealing with the legal and regulatory process for hexavalent chromium, and potential legislative strategies to deal with deficiencies in the California Sustainable Ground Water Management Act’s groundwater sustainability agency formation and planning processes.

Adjourn: Secretary Michalko adjourned the meeting at 12:50 p.m.

Rick Cook
14010 Cabell Ave.
Bellflower, CA 90706

General Manager: Warner Real Properties, LLC
16435 Bellflower Blvd.
Bellflower, CA 90706

A real estate and investment management company

Employed: 33 years (including parent company-Van Lee Enterprises)

Board Member
Past President: Bellflower-Somerset Mutual Water Co.
Bellflower, CA

A 501(c)12 company supplying water to approximately 40,000
Bellflower residents

2009 to present

Board Member
Chair-Finance Committee: Su Casa
Long Beach, CA

2005 – 2011

A 501(c)3 organization aiding victims of domestic abuse.

Member
Past President
Current Board Member
And Treasurer: Bellflower Noon Lions Club
Bellflower, CA

Education: B.A.S. Chapman University, Orange, CA.

Married, 35 years, 2 children

California Association of Mutual Water Companies Demand Sheet

3:14 PM

06/14/17

<u>Date</u>	<u>Num</u>	<u>Memo</u>	<u>Open Balance</u>
Adan Ortega Associates			
06/06/2017	1125	Reimbursements for Annual Meeting and Travel Expenses	1,364.55
07/01/2017		July 2017 Services-Organization Management,Office Rent and Utilities	10,250.00
Total Adan Ortega Associates			11,614.55
Lagerlof, Senecal, Gosney & Kruse LLP			
06/06/2017	54273	Professional Fees- May 2017	1,040.00
Total Lagerlof, Senecal, Gosney & Kruse LLP			1,040.00
Sloat Higgins Jensen & Associates			
06/01/2017	14613	Legislative Consulting Service, June 2017	5,000.00
Total Sloat Higgins Jensen & Associates			5,000.00
TOTAL			17,654.55

California Association of Mutual Water Companies
Balance Sheet
As of May 31, 2017

4:05 PM
06/14/17
Accrual Basis

	<u>May 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	30,930.72
Accounts Receivable	
1510 · Acc Receivables-Membership Dues	20,775.00
1550 · Acc Receivables-Insurance Fees	45,132.40
Total Accounts Receivable	<u>65,907.40</u>
Other Current Assets	
1540 · Receivable fr Calmutuals JPRIMA	38,041.03
Total Other Current Assets	<u>38,041.03</u>
Total Current Assets	<u>134,879.15</u>
TOTAL ASSETS	<u>134,879.15</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	1,018.82
Total Current Liabilities	<u>1,018.82</u>
Total Liabilities	1,018.82
Equity	
3900 · Retained Earnings	35,257.53
Net Income	98,602.80
Total Equity	<u>133,860.33</u>
TOTAL LIABILITIES & EQUITY	<u>134,879.15</u>

California Association of Mutual Water Companies

4:06 PM

Profit & Loss

06/14/17

January through May 2017

Accrual Basis

	General	JPRIMA	TOTAL
Income			
4000 · Membership Dues			
4010 · Charter	87,250.00	0.00	87,250.00
4030 · Regular	30,050.00	0.00	30,050.00
4070 · Associate	6,900.00	0.00	6,900.00
4050 · Affiliate	3,750.00	0.00	3,750.00
Total 4000 · Membership Dues	127,950.00	0.00	127,950.00
4300 · Insurance Program Fees			
4310 · Property & Casualty	0.00	54,640.22	54,640.22
Total 4300 · Insurance Program Fees	0.00	54,640.22	54,640.22
4510 · Sponsorships	2,000.00	0.00	2,000.00
4530 · Advertising	750.00	0.00	750.00
4910 · Interest Income	1.42	0.00	1.42
Total Income	130,701.42	54,640.22	185,341.64
Expense			
5010 · Management Contract	50,000.00	0.00	50,000.00
5030 · Lobbying Contract	25,000.00	0.00	25,000.00
5050 · Legal Fees	4,807.50	0.00	4,807.50
5310 · Meeting Expenses	191.89	0.00	191.89
5514 · Bank Service Charge	30.00	0.00	30.00
5540 · Insurance	1,103.00	0.00	1,103.00
5550 · Marketing	661.40	0.00	661.40
5555 · Merchant Service Fees	29.45	0.00	29.45
5560 · Rent	1,250.00	0.00	1,250.00
5570 · Supplies	1,844.94	0.00	1,844.94
5585 · Travel	1,820.66	0.00	1,820.66
Total Expense	86,738.84	0.00	86,738.84
Net Income	43,962.58	54,640.22	98,602.80

California Association of Mutual Water Companies

Budget and Cash Flow

As of June 14, 2017

	2017 Budget	2017 Estimated Cash Flow						
		Q1 Actual	Apr-May Actual	Jun Est	Q3 Est	Q4 Est	Total	
<u>INCOME</u>								
Charter Membership	\$ 84,000	\$ 6,150	\$ 20,100	\$ 3,000	\$ 6,000	\$ 6,000	\$ 41,250	[A][B]
Regular Membership	54,000	9,050	13,650	13,500	11,500	3,500	51,200	
Affiliate Membership	500	500	1,700	-	-	-	2,200	
Associate Membership	9,000	900	2,100	1,500	1,000	3,500	9,000	
Sponsorships	3,000	-	-	2,000	500	500	3,000	
Advertising	1,800	450	300	150	450	450	1,800	
Meetings	-	-	-	-	-	-	-	
Loan from Third Parties	30,000	-	-	-	-	-	-	[C]
JPRIMA Loan Repayment	30,000	-	-	-	30,000	-	30,000	
Insurance Fees	43,000	1,857	894	44,600	3,500	3,500	54,351	
Interest Income	-	2	-	-	-	-	2	
Miscellaneous	-	2,500	-	-	-	-	2,500	
Total Income	255,300	21,409	38,744	64,750	52,950	17,450	195,303	
<u>EXPENSE</u>								
Management Contract	120,000	30,000	20,000	10,000	30,000	30,000	120,000	
Attorney Fees	24,000	2,308	2,500	2,000	7,000	7,000	20,808	
Office Space/Rent	3,000	750	500	250	750	750	3,000	
Accounting	-	-	-	-	-	-	-	
Insurance	1,150	1,103	-	-	-	-	1,103	
Staff Travel	12,000	1,023	297	2,500	3,500	3,500	10,820	
Meetings	3,000	136	-	2,000	500	500	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	10	100	100	100	360	
Lobbying	60,000	15,000	10,000	5,000	15,000	15,000	60,000	
Marketing	-	-	661	-	-	-	661	
JPRIMA Loan	30,000	-	5,000	-	-	-	5,000	
Miscellaneous	-	-	-	-	-	-	-	
Total Expense	255,990	52,090	38,968	23,250	57,250	57,250	228,808	
Net Total	\$ (690)	\$ (30,681)	\$ (224)	\$ 41,500	\$ (4,300)	\$ (39,800)	\$ (33,505)	
<u>Cash Flow</u>								
Beginning Balance		\$ 61,835	\$ 31,154	\$ 30,930	\$ 72,430	\$ 68,130		
Net Revenues		(30,681)	(224)	41,500	(4,300)	(39,800)		
Ending Balance		\$ 31,154	\$ 30,930	\$ 72,430	\$ 68,130	\$ 28,330		

Notes:

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

[B] 2017 Charter Membership dues from Rubio Canon, Bellflower Somerset, Covina Irrigating Co, Montebello Land & 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.