



CalMutuals Board of Directors Meeting
Tuesday, March 20, 2018
2:00 p.m. or upon adjournment of the JPRIMA Board Meeting
VIA Teleconference
Call-in Number: (515) 604-9371
Access Code: 462-860

Agenda

2:00 p.m.:

- 1) Call to Order (Chair Yamashita-Lopez)
- 2) Roll Call
- 3) Review and Approval of February 27, 2018 Board Meeting Minutes
- 4) Chair's Report
- 5) Executive Director's Report
- 6) Budget Report
 - a. Demand Sheet
 - b. Financials
- 7) Committee Chairs' Report
 - a. Legislative Committee (Armstrong)
 - i. AB 3057 (Ortega)
 - b. Regulatory Affairs Committee (Tcheng)
- 8) Managing Director's Report
 - a. 2018 Annual Meeting (Allen)
 - b. Annual Meeting Sponsors/Potential Vendors
- 9) Director Comments
- 10) Adjourn (3:00 p.m.)

2018 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 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@sunnyslopewatercompany.com

Mr. Rick Cook
Bellflower-Somerset Mutual Water Company
(562) 866-9980
10016 Flower St, Bellflower, CA 90706
rcook@warnerreal.com

Mr. Michael Palazzo- Director
San Luis Canal Company
(209) 387-4305
11704 Henry Miller Ave, Dos Palos, CA 93620
michaeljpalazzo@gmail.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
562-947-3811 | 714-822-6084
15505 Whittier Blvd., Whittier, CA 90609
myra@calmutuals.org

Ms. Susan Allen
714-449-3397
1370 N. Brea Blvd., Ste. 238, Fullerton, CA 92835
susan@ostrategiesgroup.com

Mr. Adan Ortega
Executive Director
714-449-3397 | 714-600-4683
1370 N. Brea Blvd., Ste. 238, Fullerton, CA 92835
adan@calmutuals.org

Ms. Denise Peralta Gailey
Managing Director
714-449-3397 | 626-673-0005
1370 N. Brea Blvd., Ste. 238, Fullerton, CA 92835
denise@calmutuals.org

Ms. Lynda Noriega
California Domestic Water Company
(562) 464-0840
15505 Whittier Blvd., Whittier, CA 90609
lnoriega@caldomestic.com

**California Association of Mutual Water Companies (CalMutuals)
Board of Directors Meeting Minutes
February 27, 2018**

Via Teleconference (712) 775-7031, Access Code: 540-575-707

Call to Order: Chair Lisa Yamashita-Lopez called the meeting to order at 2:21 p.m.

Present: Lisa Yamashita-Lopez (Director, President and Chair), Dave Armstrong (Director, Vice President), Dave Michalko (Director, Secretary), Jim Byerrum (Director), Doug Nunneley (Director), Ken Bradbury (Director), Rick Cook (Director), Jim Ciampa (Legal Counsel), Adan Ortega (Staff, Executive Director), Denise Peralta Gailey (Staff, Managing Director), Susan Allen (Staff), Lynda Noriega (California Domestic Water Company), Myra Evangelista (California Domestic Water Company).

Absent: Ken Tcheng (Director), Michael Palazzo (Director).

Review and Approval of the January 16, 2018 Board Meeting Minutes: On a motion made by Director Nunneley, seconded by Director Bradbury, the January 16, 2018 board meeting minutes were unanimously approved, as submitted.

Chair's Report: Chair Yamashita-Lopez encouraged board members to participate in as many of the Association's upcoming events as possible.

Executive Director's Report: Executive Director Ortega stated that on he would be attending a workshop to discuss water system consolidation on March 5. Mr. Ortega also reported that the April board meeting will be taking place at the San Luis Canal Company in Dos Palos and he encouraged board members to attend the meeting.

Budget Report: Staff Member Allen provided an overview of the demand sheet. On a motion made by Director Byerrum, seconded Director Bradbury, the demand sheet was unanimously approved. Staff Member Allen also provided an overview of the budget and cash flow statement. Chair Yamashita-Lopez asked that the budget report reflect the updated charter membership estimate and changes to the lobbying fees. Staff Member Allen replied stating that she would update the charter membership estimate from \$89,600 to \$125,600; and the lobbying fees from \$82,500 to \$85,000. Ms. Evangelista provided a detailed overview of the 2018 budget; on a motion made by Director Bradbury, seconded by Vice President Armstrong, the 2018 budget was unanimously approved.

Legislative Committee Affairs: Vice President and Legislative Committee Chair Armstrong reported that the legislative committee convened by phone on February 8 to discuss: (1) SB 998 (Dodd); (2) the Safe and Affordable Drinking Water Act; and (3) ACA 21 (Mayes). Managing Director Peralta Gailey added that board members are welcome to participate on the legislative committee meetings.

Managing Director's Report: Managing Director Peralta Gailey stated that lobby day has been confirmed for April 4. Vice President Armstrong and Director Nunneley stated they are planning to travel to Sacramento for lobby day. President Yamashita-Lopez asked Managing Director Gailey to encourage Director Palazzo to also participate.

Director Comments: None.

Adjourn: Chair Yamashita-Lopez adjourned the meeting at 3:05 p.m.

California Association of Mutual Water Companies Demand Sheet

11:09 PM

02/26/18

<u>Date</u>	<u>Num</u>	<u>Memo</u>	<u>Amount</u>
Adan Ortega Associates			
02/28/2018	1212	Organization Management & Rent and Utilities - February 2018	10,250.00
02/28/2018	2014	Expense Reimbursement January 2018	1,122.37
Total Adan Ortega Associates			11,372.37
Lagerlof, Senecal, Gosney & Kruse LLP			
02/28/2018	55242 &...	Legal Fees - December 2017	1,428.75
02/28/2018	55351	Legal Fees - January 2018	1,250.00
Total Lagerlof, Senecal, Gosney & Kruse LLP			2,678.75
Sloat Higgins Jensen & Associates			
02/28/2018	14902	Legislative Consulting Service - February 2018	5,000.00
Total Sloat Higgins Jensen & Associates			5,000.00
TOTAL			19,051.12

California Association of Mutual Water Companies
Budget and Cash Flow
As of February 28, 2018

Cash Basis

	2018 Budget	2018 Estimated Cash Flow					Total	
		Jan-Feb Actual	Mar Estimate	Q2 Estimate	Q3 Estimate	Q4 Estimate		
<u>INCOME</u>								
Charter Membership	\$125,600	\$29,250	\$14,050	\$2,050	\$2,050	\$2,050		[A][B]
Regular Membership	\$63,200	\$30,150	\$33,000	-	-	-		
Affiliate Membership	\$11,000	\$11,750	\$0	-	-	-		
Associate Membership	\$12,100	\$3,500	\$8,600	-	-	-		
Sponsorships	\$1,000	-	-	\$1,000	-	-		
Advertising	\$900	-	\$225	\$225	\$225	\$225		
Meetings	\$1,000	-	-	\$1,000	-	-		
Loan from Third Parties	-	-	-	-	-	-		[C]
JPRIMA Loan Repayment	\$38,000	-	\$38,000	-	-	-		
Insurance Fees	\$65,000	\$262	\$1,000	\$62,000	\$1,000	\$1,000		
Interest Income	-	\$1	-	-	-	-		
Miscellaneous	-	\$0	-	-	-	-		
Total Income	\$317,800	\$74,913	\$94,875	\$66,275	\$3,275	\$3,275		
<u>EXPENSE</u>								
Management Contract	\$120,000	\$20,000	\$10,000	\$30,000	\$30,000	\$30,000		
Attorney Fees	\$18,000	\$0	\$4,500	\$4,500	\$4,500	\$4,500		
Office Space/Rent	\$3,000	\$500	\$250	\$750	\$750	\$750		
Insurance	\$1,150	\$1,103	-	-	-	-		
Staff Travel	\$16,000	\$50	\$4,000	\$4,000	\$4,000	\$4,000		
Meetings	\$4,500	\$1,224	\$500	\$3,000	\$500	\$500		
IT/Website	\$1,200	-	\$300	\$300	\$300	\$300		
Supplies	\$2,000	-	\$500	\$500	\$500	\$500		
Taxes	\$1,000	-	-	\$1,000	-	-		
Telephone	-	-	-	-	-	-		
Merchant/Bank Fees	\$500	\$101	\$300	\$50	\$25	\$25		
Lobbying	\$85,000	\$5,000	\$12,500	\$22,500	\$22,500	\$22,500		
Marketing	\$2,000	-	\$500	\$500	\$500	\$500		
JPRIMA Loan	-	-	-	-	-	-		
Miscellaneous	-	\$1,442	-	-	-	-		
Total Expense	\$254,350	\$29,420	\$33,350	\$67,100	\$63,575	\$63,575	\$0	
Net Total	\$ 63,450	\$ 45,493	\$ 61,525	\$ (825)	\$ (60,300)	\$ (60,300)	\$ -	
<u>Cash Flow</u>								
Beginning Balance		\$ 86,530	\$ 132,023	\$193,548	\$ 192,723	\$ 132,423		
Net Revenues		45,493	61,525	(825)	(60,300)	(60,300)		
Ending Balance		\$132,023	\$ 193,548	\$192,723	\$ 132,423	\$ 72,123		

[A] 2018 Charter Membership dues in the amount of \$77,000 were collected in 2017.

[B] 2018 Charter Membership dues from Cal Domestic, Bellflower Somerset, Covina Irrigating Co, Montebello Land & Water, Valley Water Co., Rubio Canon, South Mesa Water Co., Valencia Heights, Valley Water Co. & Western Heights

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

California Association of Mutual Water Companies

Balance Sheet

As of February 28, 2018

8:58 AM

03/18/18

Accrual Basis

	<u>Feb 28, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
1210 · Wells Fargo Bank	132,022.54
Total Checking/Savings	132,022.54
Accounts Receivable	
1500 · Accounts Receivable	-5.00
1510 · Acc Receivables-Membership Dues	42,155.00
1550 · Acc Receivables-Insurance Fees	15,255.60
Total Accounts Receivable	57,405.60
Other Current Assets	
1540 · Receivable fr Calmutuals JPRIMA	38,041.03
Total Other Current Assets	38,041.03
Total Current Assets	227,469.17
TOTAL ASSETS	<u><u>227,469.17</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2150 · Accounts Payable	7,678.75
Total Accounts Payable	7,678.75
Total Current Liabilities	7,678.75
Total Liabilities	7,678.75
Equity	
3900 · Retained Earnings	84,233.71
Net Income	135,556.71
Total Equity	219,790.42
TOTAL LIABILITIES & EQUITY	<u><u>227,469.17</u></u>

California Association of Mutual Water Companies

Profit & Loss

January through February 2018

7:55 PM

03/18/18

Accrual Basis

	<u>Jan - Feb 18</u>
Income	
4000 · Membership Dues	
4010 · Charter	93,100.00
4030 · Regular	48,700.00
4070 · Associate	9,500.00
4050 · Affiliate	18,100.00
4000 · Membership Dues - Other	-150.00
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Total 4000 · Membership Dues	169,250.00
4300 · Insurance Program Fees	
4310 · Property & Casualty	3,405.60
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Total 4300 · Insurance Program Fees	3,405.60
4910 · Interest Income	1.36
4990 · Misc Income	5.00
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Total Income	172,661.96
Expense	
6570 · Bank Service Charges	12.00
5010 · Management Contract	20,000.00
5030 · Lobbying Contract	10,000.00
5050 · Legal Fees	2,678.75
5310 · Meeting Expenses	1,223.70
5540 · Insurance	1,103.00
5555 · Merchant Service Fees	100.90
5560 · Rent	500.00
5585 · Travel	49.92
5990 · Misc Expense	1,436.98
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Total Expense	37,105.25
Net Income	<hr/> 135,556.71 <hr/>

MEMORANDUM

To: California Association of Mutual Water Companies

From: Dave Armstrong, Legislative Committee Chair

Date: March 20, 2018

Subject: Legislative Committee Report

On March 13, the CalMutuals Legislative Committee convened to discuss various bills including: (1) SB 998 (Dodd); (2) AB 2050 (Caballero); (3) AB 1668/SB 606 (Friedman, Hertzberg, Skinner).

- **SB 998 (Dodd) Water shutoffs: urban and community water systems:** This bill would prohibit an urban and community water system from shutting off residential service until a payment by a customer has been delinquent for at least 60 days.
Legislative Committee Recommendation: The Committee recommends an oppose position.
- **AB 2050 (Caballero) Small System Water Authority Act of 2018:** The bill would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and operate noncompliant public water systems.
Update: The bill’s sponsor, Eastern Municipal Water District, has pledged to work with CalMutuals to incorporate amendments to the bill; among them: (1) protection of priority for current state grants and loans to ensure current applicants are not “pushed to the back of the line;” (2) language that allows for the interpretation of mutual water companies as having ‘common powers’ to form/participate in Joint Powers Authorities (JPAs) and serve in their governance; (3) inclusion of public water agencies as eligible for consolidation; (4) inclusion of the value of service connections to be listed among the water company assets to be valued; (5) CalMutuals to be included among the entities that must be consulted by the State Treasurer; and other provisions.
Legislative Committee Recommendation: Monitor for revised language.
- **AB 1668/SB 606 (Friedman, Hertzberg, Skinner) Water management planning:** The bills are vehicles for the Governor’s Executive Order B-37-16 “Making Conservation a California Way of Life” which directs state agencies to take actions to use water more wisely, eliminate water waste, strengthen local drought resilience, and improve agricultural water use efficiency and drought planning. Based on strong opposition from the Association of California Water Agencies and others, the authors recently released

amendments for stakeholder feedback; among those amendments was a recycled water credit capped at 10%.

Legislative Committee is requesting input from the Board of Directors regarding the bills; most notably, the recycled water credit of 10%.

2018 Legislative Priorities

Assemblymember Sharon Quirk-Silva (D-65) reserved a spot bill, AB 3057, for language that would create a state tax equivalent to the Internal Revenue Section 501 (c) (12) by amending the Revenue and Taxation Code. On March 13, 2018, legislative counsel revised the spot bill to reflect the language to amend Section 24473 of, and to add Section 23701m to, the Revenue and Taxation Code. AB 3057 is now titled, Corporation taxes: exempt organizations: mutual ditch or irrigation companies.

AB 3057 has been referred to the Revenue and Taxation Committee. Staff has begun outreach to mutual water companies whose districts pertain to committee members to request a letter of support. Legislative Advocate Jensen's staff is working to schedule meetings with committee members during the April 4th lobby day. The following members have confirmed their participation on April 4th: Lisa Yamashita-Lopez, Dave Armstrong, Doug Nunneley, and Mark Iverson. Meetings will take place between 9 a.m. and 5 p.m.

The legislative committee meetings are held as needed. Members of the Board of Directors and/or their designated staff are welcome to participate on the committee.