



CalMutuals Board of Directors Meeting
Tuesday, November 21, 2017
1:30 p.m. or upon adjournment of the JPRIMA Board Meeting
VIA Teleconference
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 October 17, 2017 Board Meeting Minutes
- 4) Chair's Report
- 5) Budget Report
 - a. Demand Sheet
 - b. Financials
- 6) Committee Chairs Report
 - a. Regulatory Affairs Committee
 - b. Legislative Committee
- 7) Director Comments
- 8) Executive Director's Report
 - a. Rescheduling: CalMutuals Awards Dinner Reception for Asm. Cristina Garcia
 - b. 2018 Board Meeting Schedule
 - c. Annual Meeting Date
- 9) Adjourn (2:00 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

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

**CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES
BOARD OF DIRECTORS MEETING MINUTES
OCTOBER 17, 2017**

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

1. **CALL TO ORDER:** Chair Lisa Yamashita-Lopez called the meeting to order at 1:33 p.m.

2. **ROLL CALL:**

Present:

Lisa Yamashita-Lopez (Director, President & Chair)
Dave Armstrong (Director, Vice President)
Dave Michalko (Director, Secretary)
Jim Byerrum (Director)
Ken Bradbury (Director)
Ken Tcheng (Director)
Adan Ortega (Staff, Executive Director)
Myra Evangelista (Staff, Treasurer)
Jim Ciampa (Legal Counsel)
Susan Allen (Staff)

Absent: Directors Doug Nunneley and Rick Cook

3. **REVIEW AND APPROVAL OF THE SEPTEMBER 6, 2017 BOARD MEETING**

MINUTES: Director Michalko requested that the September 6 minutes be revised to reflect that the meeting was held in person and the meeting location. On a motion made by Director Bradbury, seconded by Director Tcheng, the September 2017 board meeting minutes, as revised to reflect the in person meeting, were unanimously approved.

4. **CHAIR'S REPORT:** Chair Yamashita-Lopez applauded Susan Allen's work to improve management of the CalMutuals database and creation of new affiliate member database on the website.

5. **BUDGET REPORT**

a) Demand Sheet: This month Myra Evangelista and Susan Allen collaborated in creating financial reports to facilitate transition of financial management and administrative support for CalMutuals to OSG. Treasurer Evangelista presented a demand sheet totaling \$16,500 associated with fees for management, legislative and legal consultants. On a motion made by Vice President Armstrong, seconded by Director Bradbury, the demand sheet was unanimously approved.

b) Budget and Cash Flow: Treasurer Evangelista provided a report on the budget and cash flow as of September 30, 2017. Income totals \$215,000 for 2017, consisting of Charter and Regular member dues and insurance fees. Expenses are projected at \$227,000 and are primarily associated with management contract and lobbying fees and legal fees. The projected year end cash balance is \$49,415. On a motion made by Secretary Michalko and seconded by Director Bradbury, the budget and cash flow report were received, approved and filed.

6. **BOARD MEMBER NOMINATION**

President Yamashita-Lopez asked Executive Director Ortega to provide background information for prospective Board member Michael Palazzo.

On a motion by Director Tcheng, seconded by Vice President Armstrong, Mr. Palazzo's appointment was unanimously approved. Mr. Palazzo's assumes the seat previously held by Mr. Ken Deck (Bellflower Somerset Mutual Water Company) and completes Mr. Deck's term.

7. POLICY PRINCIPLES

President Yamashita-Lopez asked Executive Director Ortega to provide an overview of the work undertaken to develop draft legislative policy principles for CalMutuals. Executive Director Ortega reported that the draft advanced three major policy principles:

- a) Affordability – reflecting the principle that any regulatory process should be affordable to implement
- b) Efficiency – reflecting the aspiration that regional and statewide value is generated by Mutual Water Companies, when improvements are made.
- c) Equity and non-discrimination, in regional governance matters such as SGMA.

Issues to be addressed in pending legislation include:

- Unfair taxation in financial requirements (double taxation of property taxes)
- Alignment of state non-profit laws with federal laws
- Collaboration with other water associations to address proposals that are emerging to tax water
- Alternatives to the financial review requirement in AB 240
- “Conservation as a way of life.” Strategies to set water use targets with the goal of reducing per capita consumption over time, with special attention to impact on suppliers that supply over 3,000-acre feet.
- Consolidation of water system

On a motion by Vice President Armstrong, seconded by Director Bradbury the Board accepted the policy principles as drafted.

- 8. TASK FORCE WORKING GROUPS:** Executive Director Ortega reported that he is reaching out to individuals that attended task force meetings at the annual meeting to participate in a Sustainable Groundwater Management Act (SGMA) task force meeting in Bakersfield during second week of November. The meeting will be hosted by Van Grayer of Vaughn Water Company.

A Water Quality Task Force meeting will likely be held in the same time frame (and may be scheduled as a teleconference).

- 9. DIRECTOR COMMENTS:** None.

10. EXECUTIVE DIRECTOR’S REPORT

- a) CalMutuals Awards Dinner** – President Yamashita-Lopez reminded the Board that the last meeting of the year and holiday celebration will be held on Friday, December 8. The meeting will additionally serve to recognize Assemblymember Cristina Garcia for her work in support of CalMutuals. Executive Director Ortega recommended extending invitations to Charter Members, and the recommendation was supported by the Board.

- 11. ADJOURN:** Chair Yamashita-Lopez adjourned the meeting at 2:04 p.m.

**California Association of Mutual Water Companies
Demand Sheet – November 21, 2017**

Date	Number	Description	Balance
Sloat, Higging, Jensen & Associates			
11/1/2017	14791	Legislative Consulting Services-November 2017	\$5,000.00
Lagerlof, Senecal, Gosney & Kruse LLP			
11/7/2017	154779600	Professional Fees – October 2017	\$601.25
Pacific International CPA			
11/9/17	1152	2016 Tax Return Preparation	\$800.00
Adan Ortega Associates			
11/11/2017	1171	Organization Management and Rent-	\$ 10,250.00
TOTAL			\$16,651.25

California Association of Mutual Water Companies

Budget and Cash Flow

As of October 31, 2017

	2017 Budget	2017 Estimated Cash Flow						
		Q1 Actual	Q2 Actual	Q3 Actual	Oct Actual	Nov-Dec Est	Total	
<u>INCOME</u>								
Charter Membership	\$ 84,000	\$ 6,150	\$ 22,100	\$ 25,150	\$ 1,000	\$ 5,000	\$ 59,400	[A][B]
Regular Membership	54,000	9,050	14,350	14,300	1,550	2,000	41,250	
Affiliate Membership	500	500	2,450	6,400	-	-	9,350	
Associate Membership	9,000	900	2,900	1,300	500	2,900	8,500	
Sponsorships	3,000	-	1,000	-	-	2,000	3,000	
Advertising	1,800	450	375	75	225	150	1,275	
Meetings	-	-	730	-	-	-	730	
Loan from Third Parties	30,000	-	-	-	-	-	-	[C]
JPRIMA Loan Repayment	30,000	-	-	-	-	30,000	30,000	
Insurance Fees	43,000	1,857	45,486	8,911	318	3,200	59,772	
Interest Income	-	2	-	-	0	-	2	
Miscellaneous	-	2,500	-	15	-	-	2,515	
Total Income	255,300	21,409	89,391	56,151	3,594	45,250	215,795	
<u>EXPENSE</u>								
Management Contract	120,000	30,000	30,000	30,000	10,000	20,000	120,000	
Attorney Fees	24,000	2,308	3,540	5,166	-	6,000	17,014	
Office Space/Rent	3,000	750	750	750	250	500	3,000	
Accounting	-	-	-	-	-	-	-	
Insurance	1,150	1,103	-	-	-	-	1,103	
Staff Travel	12,000	1,023	883	2,642	1,292	4,700	10,540	
Meetings	3,000	136	-	4,382	-	500	5,018	
IT/Website	500	-	-	-	-	150	150	
Supplies	-	1,720	241	67	-	-	2,028	
Taxes	1,000	-	-	-	-	1,000	1,000	
Telephone	840	-	-	-	-	800	800	
Merchant/Bank Fees	500	50	30	2	7	100	189	
Lobbying	60,000	15,000	15,000	15,000	-	15,000	60,000	
Marketing	-	-	899	1,219	-	-	2,118	
JPRIMA Loan	30,000	-	5,000	-	-	-	5,000	
Miscellaneous	-	-	-	-	-	-	-	
Total Expense	255,990	52,090	56,343	59,228	11,550	48,750	227,961	
Net Total	\$ (690)	\$ (30,681)	\$ 33,048	\$ (3,077)	\$ (7,956)	\$ (3,500)	\$ (12,166)	
<u>Cash Flow</u>								
Beginning Balance		\$ 61,835	\$ 31,154	\$ 64,202	\$ 61,125	\$ 53,169		
Net Revenues		(30,681)	33,048	(3,077)	(7,956)	(3,500)		
Ending Balance		\$ 31,154	\$ 64,202	\$ 61,125	\$ 53,169	\$ 49,669		

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, Valley Water Co. and South Mesa Water Co.

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

California Association of Mutual Water Companies

4:02 PM

Profit & Loss

11/15/17

January through October 2017

Accrual Basis

	General	JPRIMA	TOTAL
Income			
4000 · Membership Dues			
4010 · Charter	109,500.00	0.00	109,500.00
4030 · Regular	46,350.00	0.00	46,350.00
4070 · Associate	5,625.00	0.00	5,625.00
4050 · Affiliate	10,550.00	0.00	10,550.00
Total 4000 · Membership Dues	172,025.00	0.00	172,025.00
4300 · Insurance Program Fees			
4310 · Property & Casualty	0.00	66,912.22	66,912.22
Total 4300 · Insurance Program Fees	0.00	66,912.22	66,912.22
4510 · Sponsorships	2,000.00	0.00	2,000.00
4530 · Advertising	1,125.00	0.00	1,125.00
4550 · Meetings	730.00	0.00	730.00
4910 · Interest Income	3.29	0.00	3.29
4990 · Misc Income	15.00	0.00	15.00
Total Income	175,898.29	66,912.22	242,810.51
Expense			
5010 · Management Contract	100,000.00	0.00	100,000.00
5030 · Lobbying Contract	45,000.00	0.00	45,000.00
5050 · Legal Fees	11,013.70	0.00	11,013.70
5310 · Meeting Expenses	4,619.87	0.00	4,619.87
5514 · Bank Service Charge	33.20	0.00	33.20
5530 · Filing Fees	20.00	0.00	20.00
5540 · Insurance	1,103.00	0.00	1,103.00
5550 · Marketing	1,880.84	0.00	1,880.84
5555 · Merchant Service Fees	56.65	0.00	56.65
5560 · Rent	2,500.00	0.00	2,500.00
5570 · Supplies	1,881.81	0.00	1,881.81
5585 · Travel	5,755.32	0.00	5,755.32
Total Expense	173,864.39	0.00	173,864.39
Net Income	2,033.90	66,912.22	68,946.12

California Association of Mutual Water Companies

3:59 PM

Balance Sheet

11/15/17

As of October 31, 2017

Accrual Basis

	<u>Oct 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
1210 · Wells Fargo Bank	53,169.02
Total Checking/Savings	53,169.02
Accounts Receivable	
1510 · Acc Receivables-Membership Dues	125,993.60
Total Accounts Receivable	125,993.60
Other Current Assets	
1540 · Receivable fr Calmutuals JPRIMA	38,041.03
Total Other Current Assets	38,041.03
Total Current Assets	217,203.65
TOTAL ASSETS	<u>217,203.65</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2170 · Unearned Membership Dues	113,000.00
Total Other Current Liabilities	113,000.00
Total Current Liabilities	113,000.00
Total Liabilities	113,000.00
Equity	
3900 · Retained Earnings	35,257.53
Net Income	68,946.12
Total Equity	104,203.65
TOTAL LIABILITIES & EQUITY	<u>217,203.65</u>