



**CAMWC Board of Directors Meeting
October 16, 2014
10am-1pm**

**Location: Montebello Land and Water Company
344 E Madison Ave
Montebello, CA 90640**

Agenda

1. Call to Order (Chairman Byerrum)
2. Roll Call
3. Approval of September 30, 2014 Minutes (*Attachment 1*)
4. Budget Priorities and Direction
 - a) Big Leap Concept (*Attachment 2 & 2A*)
 - b) Budget Alternatives (*Attachment 3*)
5. Legislative Review & Recommendations (*Attachment 4*)
6. Annual Meeting
 - a) Review of Annual Meeting Purpose (*Attachment 5*)
 - b) Nominating Committee Function (*Attachment 6*)
7. Budget
 - a. Demand Sheet (*Attachment 7*)
8. New Business
9. Next Board Meeting
10. Adjourn (1:00 pm)

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: 562-301-0852 adanortega@mac.com

Mr. James Simonelli, Managing Director
Phone: 916-933-3303 Fax: 916-933-3072 Cell: 916-705-3435 james@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
September 30, 2014 | Conference Call

Present: Jim Byerrum (Director, Chair), Robert Hayward (Director), Flip Boerman (Director), Blanche Vizzini (Director, Treasurer), Ken Bradbury (Director), Dave Michalko (Director, Secretary), Lisa Yamashita-Lopez (Director, Asst. Treasurer), Adan Ortega (Executive Director/staff), James Simonelli (Managing Director/staff), Jim Ciampa (legal counsel), Myra Evangelista (Staff)

Absent: Denise Peralta Gailey (Development Manager/staff), Andy Turner (legal counsel)

Approval of Minutes: The August 18, 2014 minutes were unanimously approved, as submitted.

Membership Committee Report: James Simonelli reported on the September 25 Membership Committee meeting. He noted the new Affiliate packets for sponsors and advertisers. The Board instructed staff to send this packet to all members. Membership Committee Chair Dave Michalko noted that CalMutuals has 68 members, including 8 new members since the last meeting. He also reported on the visits he's made with President Jim Byerrum. Discussion ensued. The Board accepted the report.

2014 Budget Report: James Simonelli disseminated and reviewed the current budget. The current budget included the projected cash flow for the rest of the year. President Byerrum requested clarification on sponsorship income. J. Simonelli replied that \$1,000 of sponsorships was incorrectly assigned to the Meetings income category; this will be re-categorized. Executive Director Adan Ortega reviewed the Travel expense category and noted the additional monies spent on travel. This was mainly due to AB 2443. President Byerrum suggested that the 2015 proposed budget include more funds for Travel. Director Bob Hayward noted that for 2015, he is going to suggest that his mutual budget \$12,000 in dues. President Byerrum thanked Hayward and suggested other Charter members consider the same approach, but added that the Board is still calculating the dues levels for 2015. The Board accepted the report.

Nossaman Inc Payments and Donations: James Simonelli reviewed the current income and expenses with Nossaman Inc. The \$30,000 contract concludes on September 30, 2014. Staff will continue to invoice those who have made financial pledges.

Demand Sheet: Chairman Byerrum reviewed the Demand Sheet, which included two items: \$8,350 to Simonelli & Associates Inc. for monthly Management Fee (per contract), and \$1,500 to Lagerlof, Senecal, Gosney & Kruse, LLP for legal services. By unanimous vote, the board approved the items.

Legislative Committee Report: Executive Director Adan Ortega reported on the legislative items. He noted that CalMutuals gained a major victory as AB 2443 (Rendon) was signed into law with CalMutuals amendments. Ortega then commented on the new ground water laws that were signed by the governor, the Water Bond Measure (Proposition 1), Chrome VI, and federal legislation. After discussion, the Board unanimously voted to support Proposition 1 on the November 4th ballot.

New Business: PAC Contributions: President Byerrum reviewed the CalMutuals PAC. After discussion, the board unanimously voted to contribute \$500 each (\$3,000 total) to Assembly candidate Garcia, Assembly candidate Holden, Senate candidate Ed Hernandez, Assembly candidate Eduardo Garcia, Assembly candidate Marc Steinorth, and Prop 1. President Byerrum requested that staff provide information on federal PAC requirements.

New Business: Annual Meeting: The Board discussed the possibility of holding an Annual Meeting in November 2014 or January 2015. No final date was agreed upon. Legal counsel Jim Ciampa reviewed the bylaws related to this topic. Staff was instructed to provide guidance on a new committee for Nominations. Discussion ensued.

New Business: Upcoming Webinar and Roundtable: James Simonelli briefed the board on the Oct 24 roundtable and Oct 10 AB 54 training webinar. Director Flip Boerman suggested possibly holding a webinar in the evening.

Next Board Meeting: The next board meeting will be October 13, 10am at Montebello Land and Water Co.

Adjourn: Chairman Byerrum adjourned the meeting at 11:35 am.

Attachment 2

TO: Board of Directors

FROM: Adán Ortega, Executive Director

DATE: October 16, 2014

SUBJECT: Big Leap Concept: Membership Insurance, Advisory, and other services

CalMutual's Membership Committee as well as several members of the board have requested that the association develop a plan that would permit membership services beyond those related to advocacy. Such services may include:

- 1) Administrative and Legal Advisory Services
- 2) Continuing Education (i.e. AB54 and AB240 training)
- 3) Peer to Peer Assistance in procurement and management
- 4) Assistance in public grant applications

In recent weeks Chairman Jim Byerrum, General Counsel Jim Ciampa, and I have participated in discussions with Mr. Paul Fuller of Alteris Insurance Services Inc (Alteris), regarding the potential to have CalMutual join with the American Association of Water Distribution & Management (AAWD&M) to form a flagship program through establishment of a California chapter of AAWD&M to provide the services mentioned above. Based in San Francisco, Alteris is a full-service Managing General Agency providing a broad spectrum of insurance products and services to brokers and clients throughout the United States. Their capabilities include program modeling, underwriting administration, capital management, policy-system solutions, claim services, risk consultation, and reinsurance placement (please see separate attachment 2A).

Staff Recommendation: Staff is seeking board authorization to continue discussions along the boundaries described in the following sections that could result in formation of a Joint Powers Insurance Authority ("JPIA") between CalMutuals and AAWD&M to form a "no-risk" insurance pool in California for mutual water companies. This JPIA could generate revenues that would enable CalMutuals to expand member services as described above.

Background: Alteris already provides a basic liability policy to about 400 mutual water companies and 200 small public water districts in California. This is the basis upon which AAWD&M (the acronym can be pronounced as *Awdum*) would build a pooled insurance program and/or a Joint Powers Insurance Authority in California that would not only provide mutuals with expanded insurance coverage including health insurance and worker's compensation, but would yield revenue to provide the expanded membership services beyond advocacy.

Mr. Fuller is seeking a partnership with CalMutuals in order to build an advocacy program that would result in legislation permitting CalMutuals to form a Joint Powers Insurance Authority (JPIA), akin to the Association of California Water Agency's (ACWA) JPIA.

Successful formation of the JPIA would increase CalMutuals members to include 400 mutual companies and 200 public water districts currently being provided with liability coverage under Alteris; the public agencies would join as affiliate members. It would also involve the use of insurance brokers as conduits to activate mutual water companies on legislative and regulatory matters statewide.

Further Details: In order to accomplish formation of the JPIA and additional membership services the following factors must be considered in terms of organization and funding:

Administration, Advocacy & Legal Support:

AAWD&M needs administrative support as legislation is sought to gain the authority to form a JPIA for mutual water companies in California. Such an undertaking entails managing the administrative affairs of AAWD&M's board and executive officer (Mr. Fuller). The effort also includes advocacy through representation in Sacramento; and organizing Alteris insurance brokers around the state to activate their customers in favor of the legislation. Undertaking these tasks is in addition to managing CalMutual's current program. Staff has estimated that the effort will add \$200,000 to the current administrative/advocacy budget (please see budget memo in board packet) plus services of legal counsel ranging from \$50,000-\$100,000.

Establishment of Governance:

CalMutuals and AAWD&M would need to resolve basic issues of governance that would result as the formation of the JPIA. This includes:

- 1) CalMutuals: Potential board membership of AAWD&M representative
- 2) AAWD&M: Potential board membership of CalMutuals representative
- 3) CalMutuals-JPIA: Governance of JPIA

Current CalMutuals Membership Recruitment & Grassroots Efforts:

CalMutuals has spent considerable effort and expense during 2014 in recruiting and activating its membership. In order to be effective current CalMutuals recruitment efforts for new members would be halted in favor of organizing insurance brokers who would serve as conduits for the mutual water companies they already serve. This would enable a comprehensive effort that would reach just about every legislator in California through mutual water company managers, board members, and shareholders. The risk is that if the effort is unsuccessful, a year would be lost in building CalMutuals' basic membership.

Budget:

CalMutual's current dues schedule including charter member supplemental contributions, is insufficient for carrying out this ambitious project. Hence, CalMutuals would seek the support of Alteris and its brokers to raise the \$250,000 – to \$300,000 to undertake this effort.

Attachment 3

TO: Board of Directors

FROM: Adan Ortega, Executive Director
James Simonelli, Managing Director

DATE: October 16, 2014

SUBJECT: 2015 Budget

The California Association of Mutual Water Companies (“CalMutuals”) made steady progress during 2014, building up revenues, raising supplemental funds to fight hostile legislation, while gaining recognition as the representative of mutual water companies statewide.

In 2015, CalMutuals may stay the course building the association incrementally, with incentives for association staff to help grow revenues and services. Alternatively, the board may also choose a proactive agenda to grow by orders of magnitude. The alternative agenda involves a creative partnership that may drive revenues and increase membership services. Below is a summary analysis of the potential courses for the board’s consideration:

Factors	Option 1 (Stay the Course)	Option 2 (Big Leap)
Potential Revenue	\$150,000 - \$200,000 Based on existing members and revenue initiatives	\$350,000 (year 1) Based on existing members and “partner” contribution
Potential Expenses	\$150,000+ Current budget projection plus small increments in incentive pay	\$350,000 Current budget projection plus full-time lobbying effort & member services funded by partner entity
Charter Member Contribution	\$12,000	\$12,000
Key Factors	1. Continue staff incentives to help grow revenues 2. Supplemental resources required for initiatives (i.e. fighting hostile legislation & regulations) 3. Significant resources devoted to building membership	1. Requires legislation to allow no-risk CalMutuals JPIA-offered insurance 2. Initial basic insurance offering creates a network of brokers to activate mutuals 3. Will effectively create 3 entities with 3 boards: Insurance, Advocacy & JPA
Advantages	1. Maintain steady membership growth and establish confidence in governance. 2. Provides one more year for revenues to build-up so everyone goes on tier system with no extra contribution from charter members in 2016	1. Provides the ability to in one full swoop to claim to representation of 400 members 2. Full-time lobbying resources in Sacramento and grass-roots organizing network around the state 3. Ability to provide advisory and grant writing resources to the membership, especially small members 4. Expands revenue base beyond mutual water company membership to insurance sponsors
Disadvantages	1. Incremental growth means that resources are devoted to membership development at the expense of advocacy for which supplemental resources are required.	1. Seeking legislation on this front may complicate efforts to fight expected hostile legislation and address other priorities 2. Could be seen as a challenge to other established water organizations
Possible Alterations	1. Re-Calibrate Tiers 2. Remove staff incentive and establish fixed fee	1. Assign taskforce to explore other alternatives 2. Seek merger with existing organization

Questions for Discussion:

Does this have to be an “either-or” proposition between the two options?

Are there other potential business and/or public agency sectors that may be drawn-in to expand the range of member services in a way that involves also generating revenues. ?

What about grant-writing as an essential service to members?

What are the considerations that must be given to transition (if at all)?

Attachment 4

TO: Board of Directors

FROM: Lisa Yamashita-Lopez, Legislative Committee
Adán Ortega, Executive Director

DATE: October 16, 2014

SUBJECT: Legislative & Regulatory Review and Options for 2015

SUMMARY

Cal Mutual's Legislative Committee proved to be a flexible and strategic group that successfully harnessed lobbying and grass-roots resources toward major accomplishments in 2014 that included:

1. The Water Bond: For the first time mutual water companies are included as "eligible applicants" under AB1471 (Rendon) that was signed by Governor Jerry Brown and which will appear on the November ballot as Proposition 1.
2. AB2443 (Rendon): Cal Mutuals effectively organized on multiple fronts to amend the bill and neutralize the denial of duplication of service protections for mutual water companies that the bill was originally drafted to accomplish.
3. Statewide General National Pollutant Discharge Elimination System Permit ("NPDES") for Drinking Water Systems Discharges (DWS) by the State Water Resources Control Board (SWRCB): Cal Mutuals succeeded in persuading the SWRCB to exempt systems with 1,000 or less connections, or that serve a population of less than 3,000.

In 2015, identified challenges include compliance with the new 10ppb MCL for Hexavalent Chromium; continuing calls for greater transparency among mutuals; and efforts by regulators and third parties to force public consolidation of mutual water companies. These challenges can be strategically addressed by Cal Mutuals by strategically engaging in implementation of the state's new laws governing groundwater as well as new approaches to grants and loans presented by the transfer of the Safe Drinking Water Program to the State Water Resources Control Board and potential passage of Proposition 1 (the water bond) in November. Development of this strategy may be termed: ***The Single Point Approach.***

The Single Point Approach would advance legislation to: A) Allow mutual water companies that form associations or partnerships under the State Corporations Code to apply for government funding for specific types of projects; B) improve available state and federal resources to deal with safe drinking water, administrative, risk and operational capacity shared by its members; C) Act to facilitate grants and loans to its members individually.

Another option may include finding a legislator(s) to author a bill amending provisions in AB240 that are hurting small mutual water companies, primarily provisions requiring expensive annual financial reviews.

Detailed Report

2014 MAJOR ACCOMPLISHMENTS

ORGANIZATIONAL - No listing of major legislative accomplishments would have a full context without mentioning that under the Legislative Committee's leadership, CalMutuals developed a highly strategic, fast-acting, flexible and thus effective approach to legislative and regulatory affairs. What propelled this organizational culture is the committee's inclusion of many additional interested participants on specific issues. The year saw a series of board members and regular members providing insight on all the issues we confronted during regular meetings of the committee as well as in strategic conference calls that occurred on short notice. This type of culture is rare in any organization and worthy of preserving.

LEGISLATION –

AB1471 (Water Bond): The Committee decided in January 2014 that CalMutuals should insist on inclusion of mutual water companies for funding in any proposed water bond. With the assistance of Assemblymembers Chris Holden and Henry Perea as well as State Senators Lois Wolk and Ben Hueso, mutual water companies were declared “eligible applicants” in general under AB1471 (Rendon) which was signed by Governor Brown on August 13, 2014. CalMutuals voted to formally support Proposition 1 which will appear on the ballot on November 4th.

AB2443 (Rendon): After a long series of battles in the Assembly and Senate, AB2443 was amended to effectively neutralize the denial of duplication of service protections for mutual water companies that the bill was originally drafted to accomplish. Lead by Bellflower-Somerset Mutual Water Company, Maywood Mutuals 1, Valencia Heights MWC, and Rubio Cañon Land & Water Association, Montebello Land & Water Company, funds were raised to hire Nossaman in Sacramento to orchestrate the lobbying effort. Rubio Cañon Land & Water Association, Valencia Heights MWC, were also joined by South Mesa MWC, and Lincoln Avenue MWC to lead a grass-roots effort pairing enough mutual water companies around the state with their state senators to effectively threaten passage of the bill. In the end, over 40 letters of opposition were generated by mutual water companies and regional water associations in Los Angeles County. In August '14, the combined tools of representation in Sacramento and grass-roots organizing gave CalMutuals enough leverage to convince Assemblyman Rendon to accept amendments originally devised by Cal Mutuals General Counsel Jim Ciampa that were first presented to the Assemblyman in April'14.

REGULATIONS –

Statewide General National Pollutant Discharge Elimination System Permit (“NPDES”) for Drinking Water Systems Discharges (DWS) by the State Water Resources Control Board (SWRCB): CalMutuals has been following the development of this NPDES permit since the Fall of 2013. The stated objectives of the permit changed dramatically between workshops that took place in the Fall of 2013 and the Spring of 2014, which were also different than the draft permit that was issued for public comment in July 2014. At various times SWRCB staff repeated that such discharges by community water systems that are mandated for public health and safety are considered low threats to open water bodies. CalMutuals participated in pilot programs in Los Angeles County demonstrating that such discharges by systems with less than 3,000 connections are rare and thus constitute less than a negligible threat. On July 17th CalMutuals President Jim Byerrum, Legislative Chair Lisa Yamashita Lopez and Executive Director Adan Ortega met with senior staff of the SWRCB in Sacramento to press our position seeking exemption of small water systems.

Cal Mutuals also submitted comments to the SWRCB on August 6, 2014, that were critical about the process, as well as the inclusion in the permit of small community water systems that do not pose a threat to receiving waters. Cal Mutuals is optimistic of success given that the revised permit that was released

on October 3, 2014, exempts systems with 1,000 connections or less, or that serve a population with less than 3,000 persons.

Hexavalent Chromium: A study by the National Research Foundation lists 50 California mutual water companies in California that face high and debilitating costs in meeting a maximum contaminant level (MCL of 10 parts per billion (ppb)). The law requires community water systems exceeding the MCL to make a public notification. Such notifications entail exposure to litigation. Companies such as Oak Trail MWC in the Santa Ynez Valley of Santa Barbara County are thus having to curtail the use of affected wells placing further strain on already drought-depleted supplies in their area. The California Manufacturers Association has filed a lawsuit challenging the science behind the MCL as well as the cost/benefit analysis. CalMutuals is currently assessing a potential intervention in the lawsuit that would be sponsored by mutual water companies in the Santa Ynez Valley and perhaps the Lancaster area in Los Angeles County. Cal Mutuals is also involved in discussions in Sacramento involving Assemblyman Luis Alejo who is Chairman of the Assembly Environmental Safety and Toxics Committee in devising potential urgency legislation that would delay the effective implementation date of the new MCL. The Association of California Water Agencies (ACWA) has estimated the total cost of complying with the new MCL to be \$4billion, far beyond the available financial resources of the state including potential water bond funding. Non-compliance with the MCL for Hexavalent Chromium is expected to be three-times greater than non compliance with the standard for Arsenic.

POTENTIAL LEGISLATIVE OPTIONS FOR 2015

Notwithstanding the challenge of hostile legislation (AB2443) as well as expensive new regulations, CalMutuals tracked activities dealing with a new MCL for hexavalent chromium; reform of groundwater management; and the transfer of the safe drinking water program to the State Water Resources Control Board. Given successful bills and actions that were signed by the Governor and enacted by the administration, CalMutuals can focus efforts in 2015 by sponsoring legislation that may for once, help mutual water companies. Following are two initiatives that were discussed by the committee that are being recommended to the full board.

Initiative 1: Single Point Approach

The Single Point Approach would advance legislation to: A) Allow mutual water companies that form associations or partnerships under the State Corporations Code to apply for government funding for specific types of projects to; B) improve available resources to deal with safe drinking water, administrative, risk and operational capacity shared by its members; C) Act to facilitate grants and loans to its members individually.

Adoption of such an approach would require courting a potential legislative sponsor, developing funding to draft a bill and hire a lobbyist for sustained presence in Sacramento, and marshaling the grass-roots capacity that was initiated in 2014.

On the following page is a chart with a brief analysis of factors that can help with a single point approach:

Legislation/Policy	Analysis	Potential Recommendations
Transfer of SRF and Bond Eligibility of Mutuals & Small Systems	Limited capacity by small systems to apply and meet typical criteria. Dependence on public agencies for JPA bodies that can help. Existing groundwater clean-up funding is not enough to address the issue of Cr6.	Allow mutual that form partnerships under the state corporations code to be eligible for SRF and bond funds.
New groundwater laws SB 1168 by Sen. Fran Pavley (D-Agoura Hills) instructs local agencies to create management plans. AB 1739 (Roger Dickinson D-Sacramento), establishes when the state government can intervene if the local groups don't sufficiently do their job. A third measure, SB 1319, also by Pavley, seeks to allay some concerns of farmers by postponing the state's action in certain places where surface water has been affected by groundwater pumping.	Drinking water quality issues are not directly part of the sustainability rubric. Insufficient funding in SRF and bond to address the issue in an equitable manner (i.e. centralized treatment for all affected) Tilts governance to public entities who may also have conflict in administration of water rights.	Consider "general benefits" principle as a companion to human right to water. The principle establishes that contaminated groundwater is an impediment to water supply availability. Clean-up is a general benefit to everyone, even areas unaffected by a contaminant, because clean-up/recovery makes more water available for everyone.

Initiative 2: Amend AB240

During 2015 Cal Mutuals heard from the offices of Assemblyman Wes Chesbro (D), and Senator Anthony Cannella (R), that mutual water companies in their districts were reeling from mandatory financial reviews required by AB240(Rendon). For some small systems the cost of the financial reviews amounted to 50% of their annual revenues. With Assemblyman Wes Chesbro leaving the legislature this year, Cal Mutuals can work with Senator Cannella to amend provisions in AB240 that are hurting small mutual water companies, primarily provisions requiring expensive annual financial reviews. The committee also directed that staff conduct a survey of mutuals around the state to determine other areas of AB240 that may be addressed. To be successful, it would be ideal to identify an Assembly Democrat to co-sponsor the bill ensuring it's bipartisan appeal.

Attachment 5

TO: Board of Directors

FROM: James Simonelli, Managing Director
Adan Ortega, Executive Director

DATE: October 16, 2014

SUBJECT: Annual Meeting

Background Discussion: CalMutuals bylaws require the organization to hold an annual meeting¹. At each annual meeting, directors shall be elected. The annual meeting can also include dissemination of reports for the previous year. Failure to hold the annual meeting at the designated time and date shall not create a forfeiture or dissolution of the corporation. If this occurs, the annual meeting shall be held within a reasonable time thereafter.

Purpose of 2014 Annual Meeting: The main purpose for holding an annual meeting in 2014 would be to elect a board of directors. However, directors can be elected without holding a 2014 annual meeting. There are two options to elect directors: (1) mail ballot, or (2) election at the annual meeting. In either case, a quorum of 19 members (33% of Regular members) must participate. As of October 1st, CalMutuals has 60 Regular members.

The secondary purpose of holding an annual meeting in 2014 would be to gather the organization to strategize for 2015. This may include developing legislative priorities, membership recruitment, training program ideas, and other new business.

Staff Recommendation: Staff would recommend the following:

- 1) It is not necessary, nor convenient, to try and hold an annual meeting in 2014. As a result, the Board should establish a 2015 annual meeting date. The Board should discuss what month would bring in the most participation, which venue and venue location would attract attendees, and what speakers/topics would best serve the membership. The board should also consider that an annual meeting is not in the current management scope of work, so this activity would need to be added to the contract.
- 2) In regards to electing directors in 2014, staff recommends that a nomination process first be established at the October 16th board meeting. The next step would be to alert the membership of the nomination process and deadlines. A mail (or e-mail) nomination and election should occur before the end of 2014.

¹ Article III, Section 2

Attachment 6

Nominating Committee

Background Discussion: Based on CalMutuals bylaws, a quorum of 33% of the Regular members (19 members) is required to transact any business². As of October 1, 2014, we have 60 Regular members. Notices for any meeting can be by regular mail or email.³ Only Regular members have the right to vote and elect directors, either by mail, in person or by proxy.⁴

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.

² Article III, Section 6

³ Article III, Section 5

⁴ Article III, Section 8

Attachment 7

Demand Sheet

Staff Recommendation: Board Approval

The following items are payments are above \$500 and must be approved by the board before payment.

Recommended Action: Discussion and Board Approval

ITEM 1:

\$8,350 to Simonelli & Associates Inc. for monthly Management Fee (per contract).

ITEM 2:

\$750 to Lagerlof, Senecal, Gosney and Kruse LLP for monthly retainer.