LA CUMBRE MUTUAL WATER COMPANY
ANNUAL MEETING OF SHAREHOLDERS
JUNE 14, 2016
MINUTES

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The meeting was called to order at 6:00 PM by President Jane Lodas.

Present: Directors Jane Lodas, Jim Scorso, Bob Uradnicek, Alex Rodriguez and Marc Russo. Also present, General Manager Mike Alvarado, Administrative Manager Jeff Dameron, Office Manager Maria Armijo and 17 additional signed-in shareholders.

Absent: None

Opening remarks

Ms. Lodas informed those present the five year loan for the construction of the Nogal Treatment Plant has been paid. Ms. Lodas thanked those present for all their water conservation efforts.

Introductions

Ms. Lodas welcomed those present to the 2016 Annual Meeting and introduced the Board and Staff members.

Certification of a Quorum

As Vice President, Mr. Scorso stated that a quorum was not present for the legal transaction of business.

Report of Nominating Committee

Mr. Uradnicek reported that the 2015 Nominating Committee consisted of Bob Uradnicek (Chair), Marie Hansen and Oz Fundingsland. The term of one Director, Jane Lodas expired this year. Ms. Lodas has been nominated to run for another term.

Minutes of June 09, 2015 Annual Meeting

Due to a quorum not being met, Ms. Lodas dispensed with the reading of the minutes.

Presentations

Modoc Preserve Report

- Ms. Lodas reported the Modoc Preserve is in excellent condition. Approximately $10K is spent by LCMWC per year on maintenance. This year Mr. Nelson from The Oak Tree Company has helped restore part of the grassland by planting purple needle grass.

General Manager's Annual Report

- The California Department of Water Resources (CDWR) determines the annual State Water allocation. The water allocation amount is based on the levels of rain and snow pack on the Sierra Nevada Mountains, hydrologic conditions and water supply demands. Due to the rain & snow, LCMWC is expected to receive 60% of the 1100 AF (entitled to LCMWC) up from 20% at the beginning of 2016.

- LCMWC well #16 extracts 300 AF per year on a 5 year running average from the Foothill basin. The well casing has developed holes, exposing gravel packs and producing sand. After further study of the well, it has been determined that a new well is needed. Possible new locations for the well include the Modoc Preserve or the U-Haul facility.

- Fixed payments to the State are made whether State Water is delivered or not. The 2015 bond payment to the State was $1.6M. Treatment and delivery cost for State water was approximately $700K in 2015.

- LCMWC has installed 467 meters out of 1490 total meters, mainly throughout Hope Ranch and a few in the Annex. With the software, LCMWC (as well as the homeowners) will be able to monitor water usage on a daily basis as well as set alerts for leaks. As of August 2015, 298 customers have been notified of leaks. Total water loss due to leaks detected 22,404 gal/hr.

- The Board of Directors can declare a water shortage emergency. In doing so, a seven day notice would be sent out prior to a public hearing. In a water shortage emergency, water would be rationed/allocated based on the number of shares (acreage). An adjustment for non-useable acreage and winter and summer amounts will be made. New water meters and Can and Will serve letters would no longer be issued.

- There are 123 customers (State Street, and Encore Drive) who at the beginning of the year were in jeopardy to be cut off from State Water (due to the drought situation). These customers are directly connected to Goleta Water District's water pipes which deliver State Water only. There is no way to transfer ground water through these pipes. In order to deliver ground water to the 123 customers, LCMWC is looking into retrofitting well #16 and install a six water line to provide groundwater to the Encore area. LCMWC is looking into the cost for the project which will include engineering cost, booster pump and chlorination stations.

- Past records showed Well #10A had collapsed. After testing was done on the well casings, it was determined the well did not collapse. With these results, LCMWC is looking into activating this well as it was once a high water producer.

- LCMWC has been negotiating a recycled water contract with the City of Santa Barbara to deliver reclaimed water to La Cumbre Country Club freeing up 100 AF/year of potable water.

Mr. Rodriguez left the meeting at 7:07 pm.

Questions:

Does La Cumbre Water supply water outside of Hope Ranch?

- Yes. Water is also supplied to the Hope Ranch Annex.

How deep is the well (well #10) on Modoc?

- The well is 500 feet deep and the pump is 380 feet.

How is the Nogal Treatment Plant (NTP) doing?

- The NTP loan has been paid off and is working flawlessly. Brown water complaints have gone down to zero.

Can LCMWC benefit from the City of Santa Barbara desal plant?

- No. The way their water pipes are aligned would only serve Santa Barbara. Cost would be in the millions to install water lines to serve LCMWC customers.

When will the reclaimed water be available for the Country Club?

- If all goes well with the City of Santa Barbara, the Country Club should receive the reclaimed water late this year.

Is the Country Club the only customer to receive reclaimed water?

- For the time being yes. Both Vieja Valley and Laguna Blanca schools are interested in reclaimed water but cost is too high to run main lines to those two schools

Is the Rice Farmer water still available to LCMWC?

- Yes, but the water company is not looking to purchase water at this time.

There being no further business, the meeting was adjourned at 7:26 pm
Next Annual Meeting – June 2017

Maria Armijo
Office Manager