

Afuera de Chorro Water Company Annual Meeting Minutes

Date: July 20, 2020

Time: 6:00 pm

Location: Teleconference/Zoom Meeting

Board Members:

Kathy Collins ✓
Tim Romano ✓
Tom Maino - ✓
Pat Rusco- ✓
Paul Vanderheyden ✓

Operations:

Mark Lindgren -✓

Share Holders Present:

Lot Number	Member
1	A O'Hagan
1	B Romano ✓
2	A Hather ✓
2	B Hather ✓
3	Moore
4	A Rusco ✓
4	B Cheney ✓
5	A Rosenthal ✓
5	B Rosenthal ✓
6	A Stahl ✓
6	B Dostal

Lot Number	Member
7	A Kissell ✓
7	B Kissell ✓
8	A Callahan
8	B Callahan
9	A Breazeale
10	A Forster ✓
10	B Forster ✓
11	A Hanover ✓
12	A Ronca ✓
12	B Ronca ✓
13	A Stenovec

Lot Number	Member
13	B Hickok ✓
14	A Sinsheimer ✓
14	B Sinsheimer ✓
15	A Lindgren ✓
15	B Lindgren ✓
16	A Collins ✓
16	B Maino ✓
17	A Hill
18	A Vanderheyden ✓
18	B Santos ✓
19	A VanTil

Agenda Item/Discussion	Action
Call To Order Procedures for the meeting were presented by Collins requesting muting, and a review of the voting process	Meeting called to order at 6:05 PM
Public Comment – Rosenthal – reiterated her displeasure with the level of details in the minutes and asked if others agreed. No other members commented. She suggested someone other than Collins take the notes.	Board will reach out to Rosenthal to identify more specific details on what she is looking for.
Approval of the Annual Meeting Minutes from May 6, 2019 - motion to approve minutes - Maino / Romano	Minutes were approved via the Zoom meeting “raised hands” option and text/chat messages
Repots and Action Items	
A review of the Board activities for 2019-2020 was presented by Collins. Santos updated the members on the 2020 anticipated tank inspection – that it had recently been completed. There was additional discussion on the investigation of solar and back-up power resources. The Board clarified that they are in the early phases of investigation and	The Board will continue to look into the feasibility of a back-up power resources for both emergency needs and to off-set power costs.

would welcome any suggested referrals. Hather presented an brief overview of the information he had presented to the Board earlier this year, noting municipal water companies are not entitled to the rebates and that the cost for a solar system to act as a back-up power option for one well would cost about \$50,0000. Stahl asked if there was a timeline. Board member Romano stated that this was an ongoing project and did not see urgency. • Financial Income Statement for the fiscal year 2019-2020 was presented by Rusco. • Budget for 2020-21 was presented. This was the budget used for the purpose of obtaining the DOC permit	A list of solar contacts will be sent to members. No questions or comments received regarding the Income Summary document Proposed budget for 2020-2021 approved via the Zoom meeting “raised hands” option and text/chat messages
Election of Board Members – the following Board members were nominated and elected to continue on the Board ○ Tom Maino ○ Tim Romano	Maino and Romano were approved via the Zoom meeting “raised hands” option and text/chat messages (Hickok abstained)
Presentation by Water Company Attorney: Glen Price with Best, Best and Krieger • An overview of Mr. Price’s presentation is attached; • Questions were solicited from the members and presented to Mr. Price the week prior to the meeting. There were four (4) primary areas of concern identified: 1. The connection between the CC&R’s and the Mutual requirements and what is the difference between an accessory building and a primary residence. 2. The timing and availability of will serve letters for the lots within the Mutual 3. Ability to enforce conservation measures 4. The potential for annexation by the City • Members were able to ask specific questions on each area of concern. The following is an overview of the discussion of those areas of concern: 1. Responsibility of the Mutual Water Co. and enforcement of CC&Rs The Mutual was originally formed as a non-profit mutual corporation to provide water and act as the enforcer of the CC&R’s (HOA). In 2008 the Articles were changed creating a Mutual Water Company, dropping the HOA provisions and to simply provide the water services. No members were able to provide historical data on why this occurred. Questions were	Attached: summary from Mr. Price on information presented. The Board will review discussion and develop a working plan to address some of the concerns with the assistance of Mr. Price and the Company Engineer, the Wallace Group. Board will look into options of distributing the balance of the water shares and a rewrite of the By-laws under the direction of Mr. Price to do so.

asked (Rosenthal/Romano) on how to enforce the CC&R's or if an HOA should be created – Mr. Price noted any individual(s) could address CC&R violations, file a law suit and/or create a HOA group. However it would be voluntary and landowners would not be required to join. Ronca asked if the Bylaws could be amended to enforce non-water issues of the CC&Rs – Mr. Price noted the Mutual is restricted to water issues and not appropriate to enforce non-water issues related to the CC&Rs

Mr. Price clarified the SLO County definition of an accessory unit vs. a primary residence. Under the current understanding of the Mutual these would share one meter/allocation.

2. Timing and Availability of Water Service

Requirements for a new service were reviewed:

- a. Legal Parcel
- b. Water Company must have capacity
- c. DOC must be valid
- d. Payment of the new member and service assessments

Based on the engineer studies the community was designed to support 40 water connections/meters. All but 4 of the Community lots have been split and would potentially need a will serve for an additional (4) water meters. There are currently a total 32 lots that have meters or have a will serve in process- thus the potential total is under the suggested 40 threshold. There was discussion on allocating the remainder of the water shares, which would also eliminate the need for filing the DOC permit each year. This would require a re-write of the by-laws and some thought into the fee structure for these shares – a policy change by the Board. Any By-law changes would require a vote of approval by the members.

3. Enforcement of Conservation Measures

Mutual Water companies may not levy punitive water fee charges. They may charge for the cost of water. There are mechanisms to cut-off/restrict water to heavy users but these come with consequences in health/safety and liability. Mr. Price suggested the Board work with the Wallace Group to review current water rates and look at other Mutual Companies for

billing practices. Mr. Price confirmed the requirement of a reserve account and suggested the Board review (update) the recommended amount with the Wallace Group.

4. Potential for Annexation

Annexations are generally initiated by a Mutual water company when water quality standards can no longer be met or when there is a desire to increase density. The Mutual/members would most likely be responsible for the cost to bring the system on line and meet the city standards – potentially at very high dollar amount. The question was raised regarding the ability to have an interagency agreement for city water in the event of the need for fire suppression. The Board can look into the feasibility of such with the added development and proximity of City water occurring on the west side of Orcutt.

Meeting adjourned at 7:45 pm
Next Annual Meeting - scheduled for May 3, 2021