

Palomar Mountain Mutual Water Company, Inc.
Annual Shareholders Meeting
September 7, 2015 at 10:00 A.M., PMVFD Fire Station

Minutes

Establish a quorum –A quorum was not established. [Proxies = 50 and Shares present =43 Total = 93]. 98 shares represented by person or proxy are required to establish a quorum.

The minutes of the 2014 Shareholders Annual meeting were approved. Note: Copies of the minutes were handed out to shareholders as they arrived for the meeting.

Opening Ceremonies

Meeting called to order: President Martin Marugg

Pledge of Allegiance: Vice President Mark Thompson

Introduction of the Board and staff: Martin Marugg. Martin introduced and thanked the current Directors. **Martin Marugg, Mark Thompson, Brett Michael Hauser, Glenn Borland, John Lesac, Brian Wagner, and Walt Johnston** were in attendance. Staff Members Mike Probert [Operator] and Linda Thorne [Office manager] were also in attendance.

New Shareholders: Glenn Borland

See list of the new shareholders included as part of these minutes.

Glenn read the list of new shareholders that acquired property after June 1, 2014. There are 23 new shareholders, a turnover of about 10% of members. The new shareholders were welcomed to the PMMWCo. Two new members were present at the meeting, but did not introduce themselves.

Operator's Report – Mike Probert

Included as part of the minutes:

Video: "The Borland Road Project" by Colleen Ronchetti

Mike introduced himself as the PMMWCo Systems Operator.

Borland Road Project:

Mike started by discussing the Borland Road Project and why it was necessary. The pipeline going down Borland road was old and had many rotted out sections. It was also near the

surface of the roadbed. This has caused many problems over the years which necessitated repairs.

The pipeline was replaced and set at a depth of 18" to 24, sometimes with a great deal of effort because of large boulders.

During this time four new manifolds were placed for shareholders who use this delivery pipeline.

Mike and John Lesac presented a 20 minute video that was filmed and edited by Colleen Ronchetti during the Pipeline Road Project.

Winterizing: Mike stressed the importance of winterizing. Please see our website for information.

Display Boards: Mike explained the photos on the display boards. Most of these photos were of various leaks. Mike also talked about the problem with the distribution pipe at the bottom of pipeline road, the line that takes water from the wells and distributes to the tank site. Because of the great difference in elevation the pressure at the leak is 450psi. This leak caused "red water- iron oxide" because water was running down through the leak when the wells were not pumping and then being re-flushed into the tanks. Mike made the repair and the water cleared after a day or so. Note that Iron oxide is not a health hazard it just looks bad.

Unfortunately during this leak the telemetry system went down. The telemetry system controls the pumps electronically and without this, the pumps have to be controlled manually at the pump site in Pedley Valley. John Lesac completely rebuilt the computer that controls the telemetry system, using parts from old computers. John received a round of applause.

The next major problem to be addressed is in Zone A. This line goes from the bend in Crestline before the County Park to the fire station. This is an old 3/4" line that has been repaired many times [a 40' section of pipe was repaired 12 times in the last 9 years]. The 3/4" line gives the Fire Department very little volume but high pressure because of the slope. This repair will be major and will be called the "Zone A Project". The repair is scheduled for next spring.

Conservation Sign: At the base of Crestline Road

Mandatory: No outside watering or car washing. Use water very carefully.

Voluntary: Conserve water

No Restriction:

Wells and Draw-Down Test: Mike did a draw-down test of our two Pedley wells in July. Both wells recovered within 15 minutes. This says a lot about the quality of our wells. We have a really good water source. With the pumps that are in our wells we can deliver a total of 29 g/m. Our water is pristine and is drinkable with no treatment when it leaves the wells.

However, we are required to add a small amount of chlorine as a precaution. Chlorine is added at the well sites.

Testing: All testing is complete. Chlorine levels are tested daily and all other tests are made as required by the DEH and the State of California. The CCR [Consumer Confidence Report for 2014] is available on our website, palomarmountainwater.com.

Question about water being trucked off the mountain. Anne Sowards asked about the impact of all of the water trucks that carry water down the East Grade. There was a lively discussion on this issue. Kent Miller, a geologist, pointed out that this may have no impact on our wells at all. Water that is taken from the mountain is supposed to be collected from springs and not pumped. Also, aquifers are generally localized and can be completely independent from each other. Mike pointed out that our Pedley wells are in fractured rock and therefore more protected from outside water collection. The 50' Darby well is in alluvial soil and is very susceptible to drought. It is now dry and cannot be used.

Treasurer's Report – Brett Michael Hauser

Please see a copy of the fiscal year financials included with these minutes.

Bret reviewed the financials for the fiscal year. Copies of these were handed out at the meeting.

Of note: This year's expenses were higher than last years because of major projects and higher than usual water testing costs. Every three years we have to extend the water sampling tests.

Linda pointed out that our running costs for the company average about \$75,000 a year if there are no major repairs or emergencies. This is covered by our January bills and our water sales. Emergences and major projects are paid for from our reserve account. The reserve account was accumulated from shareholder special assessments. We have a healthy reserve of about \$200,000 and so, for now, there are no special assessments billed.

Our tank liners should be good for three more years and then they will need to be replaced or a new tank installed. This will be paid for by our reserve account. We are trying to find help, possibly through a grant, to get 100K tank to replace our 40K tank.

Old Business and New Business – Martin Marugg

DEH Report: We are in excellent standing with the Department of Environmental Health as we have met all requirements in a timely manner.

Fire Department Water Use: The water used by the Fire Department is metered, but we donate 100K gallons/year to them. This costs us about \$1000/year in lost revenue, but it is of the opinion of the Board that this is a service that is well rewarded.

The blue hydrants on the side of Crestline are not for fire department use. They are blow-offs for the Water Company. They are not to be touched by firefighters unless Mike is present. Using these hydrants to fill water trucks will collapse our system.

Comments and Questions for the Shareholders:

Earthquake: Alan Serry [CERT] reminded shareholders that they need to have a water supply stored in case of a major earthquake. This could destroy our water delivery system.

Water Storage: A shareholder suggested that members think about storing water from roofs.

House Insurance: Kent Miller said that he has received a rebate on his home insurance because Cal Fire is not in charge of our Fire Department.

Web Site: John Lesac maintains our web site. It can now be accessed by cell phones. Our Board meeting minutes as well as other pertinent information are also posted here. The website is palomarmountainwater.com

Certificate Presentation: Martin presented certificates to our two departing Directors, Walt Johnston and Brett Michael Hauser. He thanked them for their contribution over the last years of service to the Water Company.

Thanks to Mike: Walt Johnston thanked Mike for the great job he is doing as systems operator.

New Directors [Martin Marugg]

Introduction of Nominees: Two shareholders have expressed a wish to serve, Kent Miller and Sue Hanson. Both shareholders identified themselves. They were unanimously approved.

The meeting was adjourned at 11:35 A.M.

Respectfully submitted
Linda Thorne [Office Manager]
September 12, 2015