

WOODLANDS MUTUAL WATER COMPANY

PO BOX 19
ARROYO GRANDE, CA 93421
www.woodlandsmwc.com

TELEPHONE 805-540-5208
FAX 805-544-4294

BOARD MEMBERS

Preston Holdner, President
Paul Lymberis, Director
Sam Saltoun, Director
Jan Tabarez, Director

GENERAL MANAGER

Robert Miller, P.E.

DIRECTOR'S MEETING

DATE: March 7, 2019
3:00pm

The Monarch Club – Avila Room
1645 Trilogy Parkway, Nipomo, CA

AGENDA

1. Call to Order, Establishment of Quorum
2. Accept Resignation from Director Irwin, Appoint Replacement
3. Advisory Committee Appointments (2)
4. Approve Prepayment Process for Supplemental Water Capital
5. Common Area Irrigation – Adopt New Supplemental Water Rate
6. Discussion of Planned Infrastructure (Informational items)
 - a. Water Tank
 - b. WWTP Update
 - c. Supplemental Water Intertie
 - d. Turnover of Shallow Aquifer Wells from Developer

This notice is being given in accordance with AB240. Any questions or special requests, please contact Lonnie at (805) 540-5208.

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Staff Report

TO: Board of Directors

FROM: Rob Miller, General Manager

DATE: March 7, 2019

SUBJECT: **Director Resignation and Replacement Appointment**

RECOMMENDATION

Staff recommends that the Board approve the attached Written Consent of the Directors by accepting the resignation of director Irwin and appointing replacement Ellisor for the remaining term through August 2019.

FUNDING

No fiscal Impact

DISCUSSION

Staff has received notification that Thomas Erwin is no longer an employee of Shea Homes, and therefore no longer eligible to be a director of the Woodland Mutual Water Company. The WMWC By-Laws allow for replacement of Directors via written consent of the remaining Directors of the water company. Lonnie Ellisor of Shea Homes has been appointed to fill the remaining term of the director. Election of directors for the next term, 2019/20, will occur at the Annual Shareholders Meeting, which will be held late summer 2019.

**WRITTEN CONSENT OF THE DIRECTORS
OF
THE WOODLANDS MUTUAL WATER COMPANY OF SAN LUIS OBISPO COUNTY**

Action as of March 7, 2019

The undersigned, constituting all of the directors of The Woodlands Mutual Water Company of San Luis Obispo County, a California corporation (the "Corporation"), consent to the adoption of the following resolution:

WHEREAS, Thomas Erwin has resigned as a member of the Board of Directors and;

WHEREAS, the remaining members of the Board of Directors desire to appoint a successor to serve in such position until the next annual meeting of the shareholders of the Corporation in August, 2019;

RESOLVED, that Lonnie Ellisor is hereby appointed to the Board of Directors effective as of February 28, 2019 and shall serve in the position vacated by Thomas Irwin for the remainder of his term.

This Written Consent of The Woodlands Mutual Water Company of San Luis Obispo County is signed as of the date set forth below.

Dated: March 7, 2019

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Staff Report

TO: Board of Directors
FROM: Rob Miller, General Manager
DATE: March 7, 2019
SUBJECT: **Advisory Committee Appointment(s)**

RECOMMENDATION

Staff recommends that the Board appoint Mr. Scott Braun and Mr. Chris Sorenson to the vacant positions (2) on the advisory committee, joining Paul Stolpman for a Resident Advisory Committee of three.

FUNDING

No fiscal Impact

DISCUSSION

In 2013, the Board established a Resident Advisory Committee to assist the Board of Directors in key WMWC functions. The committee was composed of three shareholders from the community. In July of 2018, two of the members were voted in as Directors to the Board, resulting in two vacant positions on the Advisory Committee.

The WMWC Director Nomination Policy provides that the Board appoint additional shareholders to the Resident Advisory Committee from time to time, with the intent of maintaining not less than three committee members. WMWC has received interest from four members of the community, with two indicating the desire and ability to serve on the committee at this time. Their Application for Appointments are attached for review.

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Application for Advisory Committee Appointment

NAME CHRISTOPHER SORENSEN
ADDRESS OF RESIDENCE 919 LILLY COURT
MAILING ADDRESS SAME
CITY Nipomo ZIP 93444
PHONE (H) 805-343-1563 (W) N/A (C) (805) 931-1608
E-MAIL Cws47@outlook.com BEST TIME TO CONTACT AFTERNOON/EVENING
EMPLOYMENT EXPERIENCE SEE ATTACHED

COMMUNITY/VOLUNTEER EXPERIENCE SEE ATTACHED

MY PRIMARY INTERESTS ARE SEE ATTACHED

MY QUALIFICATIONS/EXPERIENCE/INTERESTS INCLUDE _____

I AM INTERESTED IN PARTICIPATING ON THE ADVISORY COMMITTEE
FOR THE FOLLOWING REASONS SEE ATTACHED

SIGNATURE Chris W. Sorenson DATE 11/5/18

Please Return to: Woodlands Mutual Water Co, Attn: Lonnie
Mail: P.O. Box 19, Arroyo Grande, CA 93421
Email: lonnie@wallacegroup.us
Fax: (805) 544-4294

For more information, call 805-540-5208

Christopher Sorensen

Attachment to Application for Advisory Committee Appointment

EMPLOYMENT EXPERIENCE:

Employed as a computer control and communications systems engineer from 1971 until retirement in 2013. Since retirement I have continued to provide consulting services to my final employer. Throughout my career I have been engaged in planning, design, development, implementation and support of instrumentation, control and data communication systems for local and regional water and wastewater public utilities. This included SCADA and process control systems for water production, treatment and distribution systems, as well as wastewater collection and treatment. Most of my career I served in leadership roles, including engineering and software development supervision, project management and corporate governance.

COMMUNITY/VOLUNTEER EXPERIENCE:

- Member of Trilogly Clean Air Committee. Advised and supported Citizens for Clean Air in the fight make State Parks accountable to California Air Quality Standards and SLO County's Air Quality Regulations
- Volunteer support for Trilogly Service Club events
- Volunteer support for San Mateo Rose Society community garden maintenance
- Member of Trilogly KAZOBEEDOBEEDOO band.

MY PRIMARY INTERESTS ARE:

- Advances in science and technology
- Golf and the water needed to make it possible
- Local government accountability
- Trilogly Monarch Dunes and San Luis Obispo County quality of life
- Sustainability of human civilization

MY QUALIFICATIONS/EXPERIENCE/INTERESTS INCLUDE:

Most of my career I was employed by system integration contractors, but also worked for 8 years for an engineering consulting firm. I have been closely engaged in the technical aspects of this work, and have also served in project management and corporate management roles. This experience has provided a technical understanding of water/wastewater utility operations, as well as the operational and fiscal management issues faced by utility operators.

I am a logical, systematic thinker, a good communicator, a good listener and a team player.

While I have a strong interest in preserving a sustainable high-quality environment, I am not an environmental radical. I believe we must have realistic, practical policies and solutions to living responsibly on Earth.

I am a Professional Electrical Engineer licensed in California.

I INTERESTED IN PARTICIPATING ON THE ADVISORY COMMITTEE FOR THE FOLLOWING REASONS:

Maintaining adequate clean water supply is essential to the continuing health and welfare of our community. Woodlands Mutual Water Company has been very well managed to date, both from a technical and fiscal perspective. We have an efficient and effective water/wastewater system that is environmentally sound.

However, there will be challenges ahead. As we members prepare to assume full control of the Company, the community must better understand the issues and decisions we will face. Some decisions could be hard for many members to accept. The Advisory Committee can provide bridge between the community at large and Company management. This is a challenge in and of itself, as we have very smart and demanding members.

I am interested in participating because in am keenly interested in preserving the quality of life on the mesa. I want to serve the community, and believe my knowledge and skills are well suited to the Advisory Committee's purpose and responsibilities.

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Application for Advisory Committee Appointment

NAME SCOTT W BRAUN

ADDRESS OF RESIDENCE 1180 KOREY COURT

MAILING ADDRESS 1180 KOREY COURT

CITY NIPOMO, CA ZIP 93444

PHONE (H) _____ (W) _____ (C) 563-506-3299

E-MAIL sbraun529@outlook.com BEST TIME TO CONTACT 9:00 - 5:00

EMPLOYMENT EXPERIENCE CAREER WAS FOCUSED ON SALES, LEADERSHIP AND DEALER CONSULTING IN THE COMMERCIAL INTERIOR AND FURNISHINGS INDUSTRY.

COMMUNITY/VOLUNTEER EXPERIENCE YOUTH ATHLETICS, BOY SCOUTS AND PARK VOLUNTEER SUPPORT. VICE PRESIDENT MONARCH DUNES PICKLEBALL CLUB.

MY PRIMARY INTERESTS ARE HIKING, TRAVEL, PICKLEBALL AND SUPPORTING OUR NEW COMMUNITY

MY QUALIFICATIONS/EXPERIENCE/INTERESTS INCLUDE IN MY PROFESSIONAL CAREER I ESTABLISHED A HISTORY OF SOLID PRODUCTIVITY, PERFORMANCE IMPROVEMENT, COST REDUCTION, TECHNOLOGY GAIN & LEADERSHIP DEVELOPMENT.

I AM INTERESTED IN PARTICIPATING ON THE ADVISORY COMMITTEE

FOR THE FOLLOWING REASONS WOULD LIKE TO CONTRIBUTE TO MY NEW COMMUNITY AND BELIEVE MY ENTHUSIASTIC, POSITIVE AND COLLABORATIVE LEADERSHIP STYLE WOULD ALLOW ME TO BE EFFECTIVE

SIGNATURE Scott W Braun DATE 11/19/13

Please Return to: Woodlands Mutual Water Co, Attn: Lonnie
Mail: P.O. Box 19, Arroyo Grande, CA 93421
Email: lonnie@wallacegroup.us
Fax: (805) 544-4294

For more information, call 805-540-5208

IN LEARNING AND
SLAVING.

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Staff Report

TO: Board of Directors

FROM: Rob Miller, General Manager

DATE: March 7, 2019

SUBJECT: Agenda Item 4 – Approve Prepayment Process for Supplemental Water Capital

RECOMMENDATION

Staff recommends that the Board receive an update and approve the prepayment process for supplemental water capital and provide direction to Staff to distribute informational mailers to all residential shareholders. Staff recommends that the Board propose and adopt new residential supplemental water rates.

FUNDING

Funding for the above will be covered under Fund 300 - Supplemental Water

DISCUSSION

Woodlands Mutual Water Company (WMWC) purchases Supplemental Water from Nipomo Community Services District (NCSD) as part of its portfolio to provide a reliable water supply to its customers, and also in compliance with the 2008 Stipulation and 2015 Nipomo Supplemental Water Management and Groundwater Replenishment Agreement. WMWC's capital obligation to the project is currently being met through a loan from NCSD which is described in four loan schedules (Schedules 1 through 4) based on phased implementation of the Supplemental Water Project (Project) and WMWC's proportional share of capital costs spent to date. NCSD has agreed to allow WMWC to prepay all or a portion of the principal owed in a single prepayment event and subsequently re-amortize the remaining principal owed to reduce the interest burden on WMWC and its customers. This amount for each parcel is referred to as the Total Prepayment Amount.

In addition, the Board has adopted a general policy that each parcel of land within its service area should pay the same principal cost for capital on the Project, in proportion to the number of Equivalent Dwelling Units (EDU's) assigned to each property. This capital obligation would run with the land, as opposed to the land owner. David Taussig and Associates (DTA) has been retained as a third-party expert in this matter to design and manage the program for implementing this policy. The program will also be updated from time to time as future phases of the Project are implemented by NCSD. Residential Single Family and Residential Multi Family lots, Types A and B respectively, pay a fixed bimonthly fee for Supplemental Water. The intent of this program is to reduce the bimonthly fees for these lot types. Commercial and Common Area Irrigation customers pay a majority of their Supplemental Water fees in usage charges and as such will not be a part of this prepayment program.

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Parcels have been contributing to a distinct Supplemental Water Fund since the beginning of WMWC operations. These funds are kept separate from normal system operations and are only used for supplemental water and to comply with the 2008 Stipulation approved by the Court. Typical expenses paid from this fund include the following:

- Legal expenses related to the Stipulation, including special water counsel (distinct from general WMWC counsel)
- Participation in the Nipomo Mesa Management Area (NMMA) Technical Group, as mandated by the Stipulation.
- Supplemental water capital, including the NCSD Project as well as other projects such as the development of Shallow Well 1. It should be noted that Shallow Wells 2 and 3 were funded by the developer.
- Supplemental water quarterly payments to NCSD, which includes both loan repayment and the cost of the water from the City of Santa Maria.

Based on the cash flow needs generated from the above expenses, Staff estimates that \$300,000 of available cash can be safely deployed to re-amortize the WMWC loan and pay down Project debt. A portion of this amount will be credited to parcels that contributed to the Supplemental Water Fund between 2006 and 2014, the years prior to WMWC's capital obligations began in 2015. This credit will be known as their Net Credit and will be applied to the Total Prepayment Amount. Parcels that have paid into the funds for a longer duration between 2006 and 2014 will receive a larger Net Credit. Parcels that did not contribute to the Supplemental Water Fund between 2006 and 2014 will not receive a Net Credit.

Parcels that have been paying into the Supplemental Water Fund since the inception of the capital obligation in 2015 have been paying both principal and interest toward that obligation. The principal paid for each parcel has been calculated and will be applied to the Total Prepayment Amount. This amount will be referred to as Principal Paid.

The original principal loan balance for the Project is as follows:

SCHEDULE 1	\$2,871,288
SCHEDULE 2	\$219,364
SCHEDULE 3	\$378,542.89
SCHEDULE 4	\$26,522
Total	\$3,503,057

At full buildout, the total development EDU count, not including existing and future open space areas, is 1465.51 units. Based on this total, the principal amount due per EDU equates to \$2,390.33 (based on \$3,503,057 / 1465.51 EDU units). The below table summarizes the principal prepayment amount for each lot type, based on EDU count.

Type	User	EDU/Unit	Prepayment Amount
A	Residential Single Family (RSF)	1.00	\$ 2,390.33
B	Residential Multi-Family (RMF)	0.22	\$ 531.19

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Recommended Pre-Payment Program

Staff recommends that DTA administer the prepayment program as described above. DTA will send out individual mailers to each parcel that explains the program and describes each parcel's loan obligations and opportunity to pay that obligation in full to avoid future interest. Each parcel will receive a mailer that lists any Net Credit or Principal Paid to date. Any Net Credit or Principal Paid will be deducted from the parcel's Total Prepayment Amount, which will result in that parcel's Net Prepayment Amount. Lot owners will have 60 days to remit prepayment to DTA/WMWC such that WMWC can aggregate the prepayments and issue a single lump sum prepayment to NCSD, including the \$300,000 described earlier.

Lot owners that choose to prepay their parcel's Net Prepayment Amount will be then billed at a lower Supplemental Water Rate going forward, which will reflect the removal of the capital loan obligations from their bimonthly payments. Based on Amortization Schedules provided by DTA for each Lot Type, proposed Supplemental Water Rates have been calculated to remove the loan payments for parcels that have met their capital obligations. Furthermore, DTA will track each parcel from their first water billing date forward and will switch each parcel over to these new Supplemental Water Rates once their capital obligations have been met, at the end of their individual 30-year term. These proposed Supplemental Water rates are shown in the table below.

Type	User	Existing Fixed Charge	Existing Charge per Unit	Proposed Fixed Charge	Proposed Charge per Unit
A	Residential Single Family (RSF)	\$90.02	\$0.00/CCF	\$57.81	\$0.00/CCF
B	Residential Multi-Family (RMF)	\$30.71	\$0.00/CCF	\$23.55	\$0.00/CCF

Staff recommends that the Board review the attached mailer examples and approve the program such that DTA can produce the mailers and issue to lot owners as soon as possible.

Prepayment Program Information Sheet

To: Property Owner within Woodlands Mutual Water District
 From: Patrick Boykin, DTA
 Subject: Prepayment Program Summary

David Taussig & Associates, Inc. (“DTA”), acting on behalf of the Woodlands Mutual Water Company (“WMWCo”) has prepared this information sheet in order to provide property owners within the Woodlands Mutual Water District (the “Participants”) with the necessary information to make an informed prepayment decision. As further detailed at WMWCo’s web portal, <http://woodlandsmwc.com/customer-service/supplemental-water-dta/>, District Participants are able to prepay the Principal portion of their capital obligation amounts in order to bypass or otherwise prevent additional Interest charges related to the District’s outstanding debt service. As an example of the benefits of prepaying, a Participant who owns a Single Family Residential unit would save approximately \$3,348.09 in Interest charges over the term extending to 2045.

All Residential and Non-residential land uses have been classified as one of nine connection types. An Equivalent Dwelling Unit factor has been applied to each connection type based on that type’s water-use rate. As shown below, a Residential Single Family unit (RSF) has an EDU factor of 1.00.

A Participant intending to prepay their future obligation shall provide WMWCo with: (i) written notice of intent to prepay, (ii) payment of fees established by WMWCo to process the prepayment request, and (iii) delinquent charges outstanding at the time of prepayment with respect to the Participant’s Lot Number. If your property contributed to the Supplemental Water fund between 2006 and 2014 prior to the establishment of the Supplemental Water Project capital obligations, you may be eligible for a Total Credit against the prepayment amount for the years contributed within that range, as well as any Principal amounts paid to date. The Prepayment Notice included in this mailing may serve to satisfy requirement (i).

The Total Prepayment Amount by connection type is indicated below.

Type	User	EDU/Unit	Total EDUs	Total Prepayment Amount
A	Residential Single Family (RSF)	1.00	1,255.00	\$2,390.33
B	Residential Multi-Family (RMF)	0.22	14.44	\$531.18
C	Community Center and Irrigation	34.70	34.70	N/A
D	Visitor Center and Irrigation	16.94	16.94	N/A
E	Clubhouse and Irrigation	20.14	20.14	N/A
F	Commercial Park and Irrigation	2.72	54.44	N/A
G	Monarch Ridge Townhome Irrigation	10.06	10.06	N/A
H	Golf Operations Commercial	0.62	0.62	N/A
I	Hotel (120 Rooms)	59.16	<u>59.16</u>	N/A
		Total	1,465.51	

Prepayment Notice

To: Property Owner of Monarch Dunes Lot Number 1
From: Patrick Boykin, DTA
Subject: Prepayment of Woodlands Mutual Capital Loan Obligation

David Taussig & David Taussig and Associates ("DTA"), acting on behalf of the Woodlands Mutual Water Company ("WMWCo"), is providing this Prepayment Notice to you as the Participant owner of Lot Number 1 and Account Number 1539 within the boundaries of the Woodlands Mutual Water District (the "District"). The Service Address for this Account is listed as 1612 Northwood Road, Nipomo, CA 93444.

Based on District records, your Net Prepayment Amount is \$2,390.33. This is based on a Total Prepayment Amount of \$2,390.33, less your Net Credit of \$329.38 for fees collected between 2006 and 2014, as well your Principal amounts paid since 2015. The Net Prepayment Amount of \$2,060.95 is valid until June 31, 2019. To satisfy the Phase 1 Debt Service Obligation, the following amounts are required to be paid by the owner:

1. \$2,060.95 payable to the Woodlands Mutual Water Company, which is equal to your individual share of the total debt service as calculated using the methodology described in the Prepayment Information Sheet. Should you decide to prepay, please mail your check for \$2,060.95 to the address below. Please also include a copy of this prepayment notification with payment.

DTA

P.O. BOX 19

ARROYO GRANDE, CA 93421

With Attention to: Patrick Boykin - Woodlands Mutual Prepayment Program

When \$2,060.95 is received by WMWCo and upon confirmation that the District prepayment amount has been received, WMWCo will direct DTA to record the prepayment status of the account for the Phase 1 debt issuance. Thereinafter, if at any point additional debt is issued by the District for the provision of services, DTA and WMWCo will notify you the property owner of any new obligation payable to the District.

If you should have any further questions, please call (800) 969-4382.



Patrick Boykin, Facilities Financing Program Debt Administrator.

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Staff Report

TO: Board of Directors
FROM: Rob Miller, General Manager
DATE: March 7, 2019
SUBJECT: **Agenda Item 5 – Common Area Irrigation
Adopt New Supplemental Water Rate**

RECOMMENDATION

Staff recommends that the Board receive an update and adopt the proposed supplemental water rate adjustment for the common area irrigation meters.

FUNDING

No fiscal impact.

DISCUSSION

Currently the HOA is billed for 36 irrigation meters that serve open space lots throughout the development. There are an additional 55 meters that have been monitored, but not billed, as they are located in newer portions of the development and had not yet been turned over to the HOA. It has now been agreed that these additional meters will be turned over for bi-monthly billing, effective May 1, 2019.

Representatives from the HOA, landscape teams, and WMWC have been working together for over a year, monitoring the use of open space/irrigation meters, which has resulted in an overall reduction in landscape water use. With the turnover of these 55 meters, this group will continue to monitor water use, to help ensure that we meet our conservation goal of 50% as compared to 2013.

Based on the 2018 historical use data, and water/supplemental water revenue projections, we propose a new supplemental water rate of \$0.50/CCF for all common area irrigation meters, effective May 1, 2019.

A majority of Phase 2A landscaping buffer areas are irrigated with Shallow Well water at a cost of approximately \$0.50/CCF, based on electrical pumping costs and wear and tear. Creating a new supplemental water rate for common area irrigation meters at \$0.50/CCF will set irrigation costs for those areas using Supplemental Water equal to the areas receiving Shallow Well water.

Through this supplemental water rate adjustment, the HOA remains on budget while taking over the previously unbilled water meters. The same customers that fund the HOA, also pay for supplemental water through WMWC. Keeping the HOA budget intact through this transition attempts to keep HOA dues inline with current billing, while shareholders of WMWC equitably share the cost of common area irrigation through their supplemental water bills.