



EXHIBIT 1-A

Draft Minutes
Special Meeting
Board of Directors
Monterey Peninsula Water Management District
Monday, April 3, 2023

Meeting Location: City of Monterey – City Hall
City Council Chambers, 580 Pacific Street, Monterey, CA 93940
(Hybrid: Meeting Held In-Person and via Zoom – teleconferencing means)

CALL TO ORDER

Chair Adams called the meeting to order at 5:30 p.m.

ROLL CALL

Mary L. Adams, Chair – Monterey County Board of Supervisors Representative
Amy Anderson, Vice Chair – Division 5
Alvin Edwards, Director – Division 1
George T. Riley, Director – Division 2
Marc Eisenhart, Director – Division 3
Karen Paull, Director – Division 4
Ian Oglesby, Director – Mayoral Representative

Directors Absent: None

General Manager Present: David J. Stoldt

District Counsel Present: David C. Laredo
Fran Farina (*appeared via Zoom*)

Special District Counsel Present: Doug Dennington with Rutan & Tucker, LLP (*appeared via Zoom*)

District Staff Present: Joel G. Pablo, Board Clerk
Suresh Prasad, Administrative Services Manager/Chief Financial Officer (*appeared via Zoom*)
Stephanie Locke, Water Demand Manager (*appeared via Zoom*)
Jonathan Lear, Water Resources Manager (*appeared via Zoom*)
Thomas Christensen, Environmental Resources Manager (*appeared via Zoom*)
Maureen Hamilton, District Engineer (*appeared via Zoom*)

Consultants Present:

Phil Wellman, Public Outreach Consultant with WellmanAd (*in-person*)
John Mastracchio with Raftelis Financial Consultants, Inc. (*appeared via Zoom*)
Bill Stannard with Raftelis Financial Consultants, Inc. (*appeared via Zoom*)

ADDITIONS AND CORRECTIONS TO THE AGENDA

No additions and corrections.

INTRODUCTORY REMARKS BY MARY L. ADAMS, CHAIR

Mary L. Adams, Chair of the Board provided an opening statement. Adams briefly explained that the local voters of the District service area successfully passed and enacted Measure J in November 2018. She noted that 85% of the California population have a publicly owned water system vs. corporately owned. She shared the nature of discussions to be had during the meeting will be to disclose the appraisal costs of the Monterey Peninsula Water System and is a necessary step in the process.

REPORT FROM DISTRICT COUNSEL

1. Reportable Action from the Closed Session Meeting on Friday, March 24, 2023

David C. Laredo, District Counsel reported that at the Special and Regular Meeting held on Monday, March 20, 2023, the Board continued and deliberated on a closed session matter on Friday, March 24, 2023 pertaining to the following:

1. Conference with Real Property Negotiators (Government Code Sections 54954.5(b), 54956.8/ District Representative: David Stoldt / Negotiation Affecting Properties Held by California American Water Company

Laredo reported the following action was taken by the Board:

A motion was offered by Director Edwards with a second by Director Oglesby to authorize the General Manager to tender a purchase offer letter to California American Water Company effective on April 3, 2023 at 3:30 p.m. to acquire the Monterey Peninsula Water System for an amount not-to-exceed \$448,808,000. The motion passed on a roll-call vote of 7-Ayes (Edwards, Riley, Eisenhart, Paull, Anderson, Adams, and Oglesby), 0-Noes, 0-Absent and 0-Abstain.

WELCOME AND INTRODUCTIONS – David J. Stoldt, General Manager

David J. Stoldt, General Manager presented via MS PowerPoint entitled, “MPWMD Special Board Meeting.” *A copy of the presentation is available at the District office and can be found on the District website.* Stoldt introduced Special District Counsel Doug Dennington with Rutan & Tucker, LLP, followed by John Mastracchio, Accredited Senior Appraiser with Raftelis Financial Consultants, Inc. and made known that Barclays Bank is the investment banking firm.

(Continued with the same slide-deck moving into Item No. 2)

PRESENTATIONS

2. Overview of Appraisal and Offer Process – David J. Stoldt, General Manager

David J. Stoldt, General Manager provided a brief overview on the appraisal and offer process. Stoldt shared the rationale for pursuing a buyout and referenced the successful passage of Measure J by the voters (56% - 44%). He mentioned that an offer letter was tendered to California American Water at 3:30 p.m. on Monday, April 3, 2023 in the amount of \$448,808,000 for the Monterey Peninsula Water System (System). He provided a brief timeline of events leading up to the appraisal of the System. Stoldt concluded his opening remarks and presentation.

3. Methodology and Findings as to the Appraised Value of the Monterey Water System – Raftelis Financial Consultants, Inc.

John Mastracchio with Raftelis presented via MS PowerPoint entitled, “Monterey Water Utility System: Appraisal Summary and Value as of December 31, 2022.” *A copy of the presentation is available at the District office and can be found on the District website.* Mastracchio provided a summary and overview of the appraisal; and provided concluding remarks on the appraisal value of the Monterey Water System. He pointed direction and read California Code of Civil Procedure Section 1263.320-.330 defining *Fair Market Value*. During his presentation Mastracchio provided an overview and as described in detail in the slide-decks to include, but are not limited to: Appraisal Approaches (income, market and asset); Income Approach Considerations; Income Approach Value Indicator; Market Approach Value Indicator; Asset or Cost Approach; Asset Approach; and Opinion of Fair Market Value (as of December 31, 2022).

4. Other Issues and Next Steps – David J. Stoldt, General Manager

David J. Stoldt, General Manager presented via MS PowerPoint entitled, “MPWMD Special Board Meeting.” *A copy of the presentation is available at the District office and can be found on the District website.* Stoldt provided an overview and as described in detail in the presentation to include, but are not limited to: Obvious Areas of Disagreement; They Will Tell You the Final Price is Always More; Bob’s Water Bill TODAY?; What GOES AWAY with Public Ownership?; What NEW Costs Will Bob Pay For?; What Can You Expect in the Future?; Next Steps; and concluding remarks.

PUBLIC COMMENT – Chair Adams opened public comment and limited public comment to 2 (two) minutes in length.

COMMENTS MADE IN-PERSON

1. Paul Bruno, *Board Member of the Seaside Groundwater Basin Watermaster*: Believes the District is making a mistake in pursuing a public buyout. He provided brief background information and the outcome that arose from the Town of Apple Valley vs. Liberty Utilities case. He asked the Board to consider the costs resulting from a failed pursuit.
2. Evan Jacobs, *California American Water*: Commented that Cal-Am and its employees have been providing reliable and dependable water service to the Peninsula. He provided brief background information that led to the denial of the District’s application to activate

its latent powers by LAFCO of Monterey County. Lastly, he encouraged the Board to reconsider the feasibility of a public buyout.

3. Patrick Ferguson in Seaside: Mentioned Congresswoman Katie Porter of Orange County presented and concluded that inflation was a result of and caused by corporate America. He shared that his water utility bill has increased without explanation from Cal-Am.
4. Alexander Henson, Esq., *past Chair and Board Member of the MPWMD*: Shared his past experience with Cal-Am as former Board member and emphasized that during his tenure the company had failed to provide an adequate water supply. Henson hopes the District pursues the path of a buyout and is successful in its pursuit.
5. Karen Araujo, *Chair of the Monterey County Democratic Central Committee (MCDCC)*: Thanked the District for its presentation and reminded the Board that the MCDCC supported Measure J. She thanked Cal-Am for their service to the region throughout the years, however mentioned the residents now seek to have control over the water system via public ownership.
6. Bruce Annetta: Briefly highlighted the success story of Pure Water Monterey not covered during the presentation.
7. Dan Presser: Expressed his gratitude to the District and the General Manager in their perseverance on the matter. Requested the District to conduct a review of Cal-Am's financial transactions and make note of company contributions to individuals and public/private entities within the local community.
8. Michael Baer: Questioned if the appraisal accounts for the Monterey Peninsula Water Supply Project (MPWSP) and if the District intends to purchase the MPWSP. Commented Cal-Am's test slant well is overpriced, is underperforming, and regarded it as a failure.
9. Kate Daniels, *spoke individually as a resident and ratepayer and NOT in her official capacity for any public offices or employment she holds*: She stated the community needs a reliable and affordable water supply. She reminded the Board, the people have voiced their support for a public buyout. She commented the community is looking forward to a world without Cal-Am (free from the CPUC, ratepayer return investments, and returns to shareholders) and to bring in local control of the System through an elected Board of Directors. She commended the District for their continued efforts on the matter.
10. Susan Schiavone, *resident of the City of Seaside*: Thanked the District for their work on the matter. She stated the District is fiscally responsible and conservative. She encouraged the District to continue with their efforts and believes it will ultimately prevail with the public buyout.
11. Silvia Shea: Expressed her gratitude for the District's efforts on pursuing a public buyout.

12. Anna Thompson: Thanked the District, Public Water Now, Monterey One Water and other individuals who have provided ongoing support on the matter. Thompson stated she is looking forward to a future where the water system is publicly owned and operated.
13. Melodie Chrislock, *Executive Director with Public Water Now*: Thanked the District for their work on the matter. She vigorously defended the District's spending of \$2.5 million in comparison to the company's rising water costs attributed to the number of failed projects totaling in the millions of dollars to include, but not limited to: \$14 million due to stalled efforts on Pure Water Monterey Expansion; \$154 million on the MPWSP; \$40 million on the last failed desalination project; and \$64 million for unused water. She reminded the Board it was Public Water Now who placed the ballot initiative before the voters and believes public ownership will reduce costs.
14. Jan Shriner, *speaking individually as a resident of Marina and NOT in her official capacity as a Board Member of Marina Coast Water District*: Mentioned that a publicly owned water system best serves the community as opposed to a privately owned water system. She has experienced and has found great partnerships through a good neighbor mutual aid agreement extended to three agencies to include the Castroville Community Services District, Seaside Municipal Water Services and Cal-Am. Of the three, she mentioned Cal-Am has yet to be on board.
15. Anita Dyer: Thanked the Board and District Staff and looks forward to local and public control of the System.
16. Tammy Jennings: Expressed her gratitude to the Board and District Staff on their effort on the matter. She commented that she is glad to witness democracy in action through the District's efforts on the matter.

PUBLIC COMMENT VIA ZOOM

17. Esther Malkin, *Ratepayer/Renter*: concurred with all prior speakers except for the two who spoke in opposition on the matter. Thanked the Board and the General Manager for providing an overview of the appraisal.
18. John McPherson *with Sustainable AG and Energy*: Posed two questions: (1) "What prevents this from becoming a very long and very expensive legal battle?" (2) "What are the guarantees that this will eventually will be successful?"
19. John Tilley: Requested the District to find out the cost of a potential failed attempt and requested the District to inform the public on its findings.
20. S. Folsom: Thanked the District for its work on the matter. She mentioned that she is a low-income ratepayer who has seen an 11% increase in her bill. She believes the District will be successful in a buyout pursuit of the System.
21. Peter Kaiser: Asked the Board and the District to tread carefully on the matter. He believes the District needs to provide a reasonable offer and convince the company of its rationale for pursuing public ownership. Kaiser said he has reached out to two Board

members on the Water District Board who refuse to discuss his opposition on the matter and believes they are not representative of those in the minority (*or those who voted against the Measure J initiative*).

22. Margaret Ann Coppernoll, *resident of the City of Marina*: Expressed her excitement for the District's progress on the matter. She provided well-wishes in the District's continued efforts on the public buyout.
23. Jack Angel: Believes the information presented is inaccurate and public ownership is costly. Angel stated a reliable water supply as proposed by Cal-Am on the MPWSP should be supported and suggested for the Board to consider the continued legal cost on the matter.
24. Rick: Mentioned that an attempt to buyout Cal-Am would wound up in the Supreme Court and believes the District's efforts will fail. Rick stated he did not see maintenance cost and employee labor cost addressed in the presentation and believes a public takeover attempt is no longer needed.
25. Adam Pinterits, *Government and Community Affairs Director with the Monterey County Association of Realtors*: He concurs with several comments that have been made expressing concerns over the public takeover. He stated that there is not enough water for housing and that it has contributed to the high cost of affordability on the Peninsula. Pinterits shared that he would like the District to consider the highest potential cost in its pursuit of a public takeover and questioned if the cost of buying Cal-Am is actually much higher than what it has been appraised for.
26. Jim Clark: Stated that he believes the presentation does not adequately answer the reason why Pure Water Monterey is needed and does not account for employee costs and benefits.
27. Janet Wilson: Mentioned water rates on the Peninsula are the highest in the Country and would like to see Cal-Am removed from the region.
28. Carolyn Bluemle: Stated she is grateful to see local elected and appointed officials carry out the will of the voters and finding avenues to pursue public buyout.
29. Anne Wheelis, *ratepayer since 1971*: She thanked the District Board and Staff on this matter. Wheelis shared that she has experienced increased costs to her water utility bill even though she has minimized and practices conservation efforts over the years.

Written Public Comment Received

The Board Clerk received the following written public comments prior to the start of Special Board Meeting on Monday, April 3, 2023. No other written correspondence was received prior to the meeting or during the meeting.

1. Correspondence was received by e-mail from Carolyn Bluemle, Pacific Grove
Dated Thursday, March 30, 2023 at 10:33 p.m.

Subject Line: "SUPPORT Public Buyout of Cal Am"

2. Correspondence was received via hand delivery at the Special Board Meeting on Monday, April 3, 2023 from Mark Eckles, Pacific Grove; *Wrote in Support of the Public Buyout*

Copies of written public comment received are available at the District office and can be found on the District website. Additionally, written comments received for the meeting were distributed to the Board of Directors, District Counsel, General Manager and members of the public in attendance at Monterey City Hall.

No further verbal or written comments were directed to the Board.

STAFF RESPONSE TO ISSUES RAISED DURING PUBLIC COMMENT

David J. Stoldt, General Manager provided a response to a few comments made during Public Comment. Stoldt mentioned the presentation covered Construction Work In-Progress that excluded the MPWSP and stated the basis for doing so is to take into consideration assets or property that exist or "are real." *In response to Tilley and McPherson's comments*, Stoldt mentioned their comments have been addressed in prior meetings and will likely be done at a future meeting. Stoldt stated Operations and Maintenance (O&M) covers employee costs and benefits and as reflected in the presentation.

Director Riley: Stated the District has come a long way on the matter and has entered the first phase of the formal process in its pursuit of Measure J.

Director Paull: Clarified that the Monterey Peninsula Water Supply Project (MPWSP) as has been used at various points of the meeting refers to Cal-Am's desalination project.

Director Eisenhart: Stated he is aware of the potential costs and risks of a failed public takeover attempt as mentioned by a few commentators. However, he posed and asked the following question, "What is the cost of not trying?"

Director Paull: Mentioned the District is aware and is taking into account all risks involved. She said that the District is exploring avenues to ensure that the process can be done and can be of benefit to the community.

Director Anderson: Stated that the District is carrying out the will of the voters in its pursuit of Measure J. She commented that it has been interesting process and the District is treading carefully on the matter.

Director Edwards: Thanked District Staff and its consultants for its work on the matter. Edwards stated that some of the work presented has been done previously. He stated the District intends to be fully transparent with the public with costs throughout the process.

Director Oglesby: Thanked District Staff and its consultants for its work. Oglesby believes the Board and the District is operating under the direction of the voters who passed and enacted Measure J. He shared and provided the reasons why he views the buyout as an investment.

Director Adams: Expressed her gratitude for the General Manager's effort on his work on the matter. Lastly, she thanked all those in attendance and the voters who have entrusted in the District to pursue Measure J.

ADJOURNMENT

There being no further business, Chair Adams adjourned the meeting at 7:17 p.m.

Joel G. Pablo, Deputy District Secretary

Minutes approved by the MPWMD Board of Directors on Monday, May XX, 2023

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