

September 20, 2022

**VIA ELECTRONIC MAIL AND U.S. MAIL**

Mr. George J. Aradi  
Special Investigator, Enforcement Division  
Fair Political Practices Commission  
1102 Q Street, Suite 3000  
Sacramento, CA 95811  
E-Mail: garadi@fppc.ca.gov

Re: FPPC Case No: 2022-0076 (Borba)

Dear Mr. Aradi:

My office serves as legal counsel to Mr. Eric Borba. I am in receipt of your August 24, 2022 letter to Mr. Borba. Thank you for taking my call to discuss our follow up questions. Please find our responses to the Fair Political Practices Commission's ("FPPC") requests below.

FPPC Question 1

In response to your request, Mr. Borba, owns an interest in shares or stock in the following entities within Tulare County:

- Hubbs & Minor Ditch Company – 13 shares
- Porter Slough Ditch Company – 14 shares
- Gilliam-McGee Ditch Co. – 18 1/3 shares
- Pioneer Water Co. – 61.5 shares
- Poplar Irrigation Company – 9.9283 shares

Mr. Borba's ownership interests in the above listed shares date back to as early as 2003. All but three of these share certificates (totaling 4.5 shares in three different companies) were purchased prior to 2017. We will discuss those three certificates in our response to question number two below. All of these interests are held in the name of Borba and Sons, Borba Brothers, or there is one-half share of Poplar Irrigation Company held in the name of Eric L. Borba. Mr. Borba owns a 33% interest in Borba and Sons and a 50% interest in Borba Brothers.

Mr. Borba did not list these shares of irrigation company or water company shares on his prior Form 700s due to his uncertainty of whether or not they were needed and how to value them. The certificates identifying the shares owned by Borba and Sons, Borba Brothers or Eric Borba generally list a value on the certificate. The values listed for the above named shares are as follows: Porter Slough Ditch Company shares are valued at \$50 each; Gilliam-McGee Ditch Co. shares are valued at \$10 each; Pioneer Water Co. shares are valued at \$100 each; and Poplar Irrigation Company shares are valued at \$250 each. There is not a listed value on the Hubbs & Minor Ditch Company share certificates.

Although the certificates generally list a value for these shares, Schedule A-1 on the Form 700 requires a "Fair Market Value" to be listed. This is easy to do for a publicly traded stock, but is not simple for shares of an irrigation or water company. In some years, the value is zero, because there is no water. In others, however, the "market" fluctuates. There is no set value for these shares that would allow us to determine the fair market value in any given year. We only know the price that Mr. Borba, Borba and Sons, or Borba Brothers initially paid (as a one-time payment) for the shares. The water and ditch companies then have other fees associated with operation and maintenance and conveyance or ditch fees for delivering any water.

Therefore, we are requesting that the FPPC provide us guidance on how to appropriately determine the fair market value of these water and ditch company shares, so that we can determine if we need to disclose his interest in those shares on Mr. Borba's Form 700s.

#### FPPC Question 2

Enclosed with this letter are the three share certificates that were purchased by Borba and Sons, Eric L. Borba and Borba Brothers in the last five years. The first is Pioneer Water Co. Certificate No. 4199 for one share that was purchased by Borba and Sons on April 26, 2017. The share value on the certificate is \$100.00 and Mr. Borba owns a 33% interest in Borba and Sons. However, in the private transaction to purchase this share, Borba and Sons paid \$4,000.00.

The second is Poplar Irrigation Company Certificate No. 969 for 0.5 shares in the name of Eric L. Borba and this was purchased on September 7, 2017. The certificate lists the value of this one-half share at \$125.00 (\$250 per share). However, in the private transaction to purchase this one-half share, Mr. Borba paid \$35,200.00.

The third is Pioneer Water Co. Certificate No. 4231 dated July 30, 2020, for three shares purchased by Borba Brothers. The certificate lists the value of these shares at \$100 each and Mr. Borba owns a 50% interest in Borba Brothers. However, in the private transaction to purchase these shares, Borba Brothers paid \$21,000.00 per share.

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As discussed above, if Mr. Borba values these shares at the stated value on the applicable certificates, and based on his ownership interests in the above stated entities, disclosure of these purchases does not meet the threshold for reporting them on his Form 700. However, once again, we seek guidance from the FPPC as to if there is a different method by which we should be determining the fair market value of these water and irrigation company certificates.

FPPC Question 3

Mr. Borba included his real property interests in Schedule A-2, as part of his "Investments, Income and Assets in Business Entities/Trusts." All of Mr. Borba's real property interests are through Borba and Sons or Borba Brothers. So, the real property interests in Tulare County were disclosed, but maybe on the incorrect form. Although probably duplicative, Mr. Borba will add all of those real property interests in Tulare County to a Schedule B and resubmit his Form 700s to the appropriate entities, in addition to the information he already submitted. Therefore, we do not believe there was an omission of any real property interests in Mr. Borba's Form 700s, but they may have been disclosed on the wrong Schedule of his Form 700. Also, there were no properties purchased since 2017.

Mr. Borba is resubmitting those Form 700s, with the Schedule B, this week. We will forward the date stamped version of the resubmitted forms as soon as we receive them back from the agencies.

Please let me know if you have any additional questions or need additional information. We look forward to hearing back from you.

Very truly yours,



Lauren D. Layne  
BAKER MANOCK & JENSEN, PC

LDL:LDL  
Enclosures  
cc via Email: Eric Borba

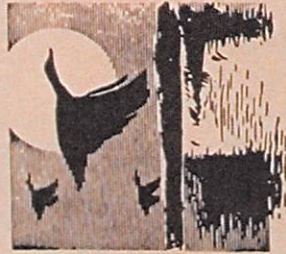
No. 4199

1.0 Shares



Porterville, Tulare Co., Calif., April 26, 2017

This Certifies, that Borba & Sons



is entitled to One and no/100 Shares

OF THE CAPITAL STOCK OF THE

# PIONEER WATER CO.

PLACE OF BUSINESS, PORTERVILLE, TULARE COUNTY, CALIFORNIA

Transferable on the books of the Company by endorsement hereon and surrender of this Certificate.

*Michael R. Reed*  
SECRETARY

*James B.*  
PRESIDENT

CAPITAL STOCK, \$360,000 3,600 SHARES OF \$100 EACH

No. 969 POPLAR, CALIF., **September 7, 2017** CAPITAL STOCK \$41,000  
office, Poplar, California 164 Shares, \$250 Each

0.5 Shares

This Certifies that *Eric L Borba*

is entitled to \*\*\*\*\* 0.5 \*\*\*\*\* Shares of the Capital Stock of

**POPLAR IRRIGATION COMPANY**

incorporated November 19, 1891

Transferable on the Books of the Company by endorsement hereon and surrender of this Certificate

*Hahn Buisano*  
Secretary

*Eric Borba*  
President

No. 4231

INCORPORATED 1888

3.0 Shares

Porterville, Tulare Co., Calif., July 30, 2020

100

This Certifies, that Borba Brothers

is entitled to Three and no/100 Shares



OF THE CAPITAL STOCK OF THE

# PIONEER WATER CO.

PLACE OF BUSINESS, PORTERVILLE, TULARE COUNTY, CALIFORNIA

Transferable on the books of the Company by endorsement hereon and surrender of this Certificate.

*Edward B...*

SECRETARY

PRESIDENT

CAPITAL STOCK, \$360,000 3,600 SHARES OF \$100 EACH