

Sheep Creek Water Company
Regular Board of Directors Meeting
June 6, 2019 ~ 6:30 PM
Snowline Joint Unified School District ~ Board Room
4075 Nielson Road, Phelan, CA 92371

The Regular Board of Directors Meeting of June 6, 2019, was called to order at 6:30 pm by Board President Andy Zody. Mr. Zody reminded everyone that the meeting was being recorded for accurate meeting minutes. Chris Cummings led in the Pledge of Allegiance and Bob Howard led in the Invocation.

Directors Present: President Andy Zody, Vice President Bob Howard, Secretary/Treasurer Kellie Williams, Directors Luanne Uhl and David Nilsen were present at tonight's meeting.

Staff Present: General Manager Chris Cummings and Administrative Secretary April Chaplin

Guest's Present: Charlie Johnson, John & Lisa Halas, Don Fish Jr., Michael Palecki, Randy & Debbie Weber, George Cardenas, Dane & Jeanna Mills, Ryan & Leanne Wong, Carmen Scherubel, Deborah & Yasha Philips, & Kathy Everhart

Consent Motions:

Minutes - Annual Shareholder's Meeting Minutes – May 11, 2019

Regular Board of Directors Meeting Minutes – May 16, 2019

Bills - May 16, 2019 through June 6, 2019

Manager's Report

Bob Howard moved to accept the Consent Motions as presented. David Nilsen seconded the motion. Motion carried.

Open Forum: Mr. Howard discussed his search regarding a lender for Sheep Creek.

Shareholder Randy Weber suggested that as Shareholder's, whether you have one share or more, we need to work together for the sake of the company.

Lisa Halas shared concern with maintenance issues within the company.

Carmen Scherubel asked if information would be sent out before the Special Meeting in August. Also, will Shareholders be able to add anything to the Agenda for the Special Meeting in August? Chris Cummings stated that Shareholder Packets, for the Special Meeting, will be sent out in July and information will be posted online.

Old Business:

System Update – Current production for May 2019, is at 43.48 acre feet. (AF). This is a decrease of 26% from last year. Static Water Levels have had no change at this time. The Tunnel is currently averaging 124 gallons per minute. Current usage is averaging .4 - .6 million gallons per day. (MGD)

SWRCB Compliance Order – Update – Revised Corrective Action Plan

A revised Corrective Action Plan was submitted to the SWRCB on May 31, 2019. The revised Plan combined both alternative plans into one, added estimated milestone dates for completion of major items and estimated dates for total compliance.

Alternative #1 ~ Sheep Creek Water Company will remain as a Private Water Purveyor. It will require a total production capacity of 1,236 gallons per minute. This will require three to four additional wells to be drilled by June 2023. Estimated cost is 3.6 million dollars.

Alternative #2 ~ Sheep Creek Water Company will consolidate with the Phelan Pinon Hills Community Service District, therefore dissolving the corporation of Sheep Creek Water Company. The State Water Board required that this be one of the options for compliance. This alternative will require installation of one new well. The installation of Flow Control Facilities throughout the district, to connect the two systems. The replacement of meters, and flushing devices at 27 dead end lines. The completion

time for this alternative will be September 2022. The estimated cost of this plan would be approximately 3.3 million dollars. A state grant is available for up to 5 million dollars to help with the consolidation with the CSD. The CSD has already stated that they cannot pay the Shareholders for their shares.

Annual Shareholder Meeting

Well 11 Repayment – Needs Approval

Allotment Schedule – Needs Approval

Chris Cummings suggested that there be a re-vote on these items at the Special Meeting of the Shareholders on August 17, 2019. Bob Howard moved to approve a re-vote on the two items at the Special Shareholder Meeting. Kellie seconded the motion. Motion carried with four ayes and one nay.

New Business:

Special Shareholder Meeting

Agenda & Proxy Form ~ Mr. Riffenburgh stated that a written request to the Board, prior to the notice of the meeting, would be the best way to see an item added to the Agenda. Regarding the *Special Shareholder Meeting*, you will be voting on whether to consolidate or drill more wells. No new business can be addressed. The *Annual Shareholder Meeting* is different which allows anyone to address the Board on any company business. The Special meeting is scheduled for August 17, 2019 at Pinon Mesa Middle School. Mr. Zody asked if there would be enough time to finalize the Agenda for the Special Meeting.

Consolidation Committee

Consolidation Plan ~ Carmen Scherubel asked if the people would be able to see the plan that the Consolidation Committee has put together before the Special Meeting. Mr. Nilsen answered that first, the Board has to agree and approve the plan. The plan will then be sent to the PPHCSD. Mr. Weber asked to see the CSD's water reports? We should see them in order to make a final decision. Mr. Nilsen could not answer for the CSD. Chris Cummings followed up explaining that the feasibility study that was completed by Sheep Creek, showed that the CSD will only need one additional well to be meet the MDD for both systems if the two companies consolidate.

Next Scheduled Meetings

June 20, 2019 ~ Regular Board of Directors Meeting (*Changed to June 18, 2019*)

July 11, 2019 ~ Regular Board of Directors Meeting

Aug 17, 2019 ~ Special Meeting of the Shareholders

Close Session: The Board of Directors went to Closed Session at 7:45 PM.

Adjournment: Andy Zody moved to adjourn the meeting. Bob Howard seconded the motion. Motion carried.

Respectfully Submitted,

Kellie Williams

Secretary/Treasurer

Sheep Creek Water Company ~ Board of Directors