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2024 ANNUAL MEETING OF SHAREHOLDERS MINUTES

NOTICE IS HEREBY GIVEN, that the Annual Meeting of the Shareholders of Sheep Creek Water Company, a California corporation, will be held at **Pinon Mesa Middle School**, located at **9298 Sheep Creek Road, Phelan, California**, on **May 4, 2024, at 10:00 a.m.**, local time, for the following purpose:

I. Open Meeting 10:00 am

a.) Flag Salute & Invocation

b.) Introductions

1) Board Members: : Andy Zody, Kellie Williams, Luanne Uhl, David Nilsen, & Eric York

2) Sheep Creek Water Company Staff:

i. General Manager: Joseph Tapia

ii. General Manager's Assistant: Therese Rodriguez

iii. Field Staff: Michael Siaz, Paul Pollard, Nathan Havrilo, Joseph Zuniga

iv. Accounts Payable: April Chaplin

v. Accounts Receivable: Christina Garland

3) Attorney: Mr. Riffenburgh

4) Past Board Members: Jim Watson, Bob Howard & Villy Jorgensen

5) Proxy Committee

i. April Chaplin, Therese Rodriguez, Mary Watson, Estella Pollard, Joanna Spainhower

ii. Inspector of Election: Mary Watson

c.) **Open Forum/Public Comment-** Under this item any member of the Board or the Public may address the Board on any item relating to the company not listed on this agenda. Each person requesting to speak will complete a request to speak form and bring it up to the Secretary of the Board. At the conclusion of the Annual Meeting Agenda, prior to selection of Board members, Shareholders can speak about the items on their submitted form. Please note the Board is prohibited under AB 240 from taking any action on an item not appearing on the agenda. Board president will call on each participant and at that time you have three (3) minutes to speak.

Engineers – Presentation – 2024 Water Master Plan Overview

Names: Shyamala Raveendran, Cynthia Peraza, and Jiajia Huang

Master Plan Presentation available on the SCWC Website.

- Overview of the Company
- Historical supplies, demands, and productions – with projections.
- Criteria for system evaluation (Peak hour demand, Max. Fire Flow Demand,
- Capital Improvements – Pipeline improvements, water supply improvements, storage improvements, operation and monitoring improvements, other-hydro/solar power.
- Cost Estimation

1) Peter Barnes – Comments followed. 8.08 SCWC Bylaws – discussion regarding water shares and water portion. Mr. Barnes announced he filed a lawsuit against the company and encouraged other Shareholders to join him.

- 2) Vince Rifino – Share allotment. Would like to hear about the allotment and why the shares have not yet been brought back to equal allotments. Nilsen mentioned SCWC followed the Corrective Order and maximum day demand. The State reviews Max Day Demand from the past 10 years. Even though SCWC can produce 2,000 GPM and if in 2 years we have another drought, and SCWC can't meet the MDD, the state will step in again. Nilsen mentioned the Shareholder Allotment Options for today's vote to equalize allotments to the same amount for Tier 1 and our backup Wells for Teir 2. SCWC met with all the actions in the Corrective Order. Zody reported on his home rain meter and measurements.
- 3) Ingrid Stinchcomb – Love our community and does not think it's a good idea to sue the company. Believes it hurts everyone. Lawsuits are meant to divide and are costly and use up resources in a negative way. Keep the water company private and continue to service as it has been.
- 4) John Burcher – Family is from Lancaster, and he is from Wrightwood. He is concerned about mining resources and drilling deep into our ground. Encourage with other Water Boards and move water down from Mt. Shasta.
- 5) James Watson – Loves the Water Company and does want to see anything happen to the company. Most water comes from the snowpack, not rain. Pray for snow more than rain. Lawsuit, win or lose, every Shareholder will need to pay. Strongly against any lawsuits.
- 6) Robert Howard – Former board member for 15 years. Lifelong residence in Phelan. SCWC has had ups and downs with water production. Our community has always come together. What Aggravates Mr. Howard the most is the lawsuit, it hurts everybody. Believes that Barnes has alternative motives. Stated that at the last Shareholder meeting he asked Barnes what his plans were, and Barnes had no answer.
- 7) Andy Zody- For the record, a Master Plan is required by the SWRCB.

II. **Financial Update**

a.) Approval of 2023 Financial Statement

- a. Zody read the 2023 Financial Statement to include Assets Liabilities and Stockholders' Equity.

Approval of the 2023 Financial Statements. Jim Watson moved to accept the 2023 Financial Statements as presented. Shareholder Mazie Parker seconded the motion. Motion carried.

IV. **Old Business**

a. Approval of Annual Meeting Minutes of 2023

Jim Watson moved to accept the Annual Meeting Minutes 2023. Al Parker seconded the motion. Motion carried.

b. System Update

President Zody provided an overview of our system update to include information on company upgrades, production, and the increase in the price of goods. He talked about Well #13 waiting on Edison to hook up electricity to the Well.

IV. **New Business**

Action Items will be voted by shareholders.

Board of Directors recommends the approval of the below Action Item

**If GPM Drops to 1500 GPM the allotment would return to
750 CU FT/150 CU FT until GPM is over 1800 GPM**

a.) Shareholder Allotment Options

Option I:

Leave the allotment at the present 750 CU FT for the first share and 150 CU FT for each additional share that the shareholder owns. Pay for Well #13 from Tier 3.

Option II:

Change the Tier I allotment to 600 CU FT for all shares. Increase the allotment for Tier 2 to 300 CU FT for all shares. Would go into effect only a) once Well 13 is approved by the State Water Resource Control Board and operating, and b) subject to any necessary State approval.

If voting for Option II, choose from one of the following rate options:

Choose One:

Choice 1:

Increase the base rate from the present \$70 per month to \$77 per month, for Well # 13.

Or,

Choice 2:

Increase all the water rates by 25%.

Or,

Choice 3:

Have \$30.00 semi-annually (2x per year) assessments per share.

Comments from Shareholders (summarized)

Peter Barnes – Who owns the water? The water is owned by the shareholders. Mr. Barnes has an issue with the process of how SCWC is moving. He proposes amending the Bylaws to add additional definitions – clarity to back-up Wells. Vote every share to have the same amount of water. Shareholder vote is not enough to take away the rights that are given to the Shareholders. States why are we doing shareholder votes? They do not count in a court of law, it will not matter. Thinks we should amend the articles of incorporation and the By-Laws, otherwise this is useless. Happy about allotment allocation, that is why he filed the lawsuit, however believes SCWC still needs to pay.

b.) Approval of Proposed New Master Plan

Board Member Nilsen summarized the proposed new Master Plan. Mr. Nilsen mentioned SCWC has been working on the Master Plan for over 5 years. Most of the work was done during the consolidation efforts. 1) Grants, 2) Increase budget about 25%, 3) The Board will always bring all options and issues to the shareholders for their vote, 4) If a developer comes into town the developer will pay the bill for all the upgrades needed (like Rite Aid).

V. Election of SCWC Board of Directors

Action Items will be voted on by shareholders.

a. Nominations for Board of Directors

- Shareholder Jim Watson nominated the current Board of Directors and second by Justin Hendersen.
- Sharon Barnes nominated Peter Barnes. No second.

VI. Procedures for Voting

Attorney Mr. Riffenburgh instructed shareholders on the voting process. The voters will vote for the Board of Directors and the Allotment Options and if you vote for Option II, please choose one of the choices. And,

Ingrid Stinchcomb moved for a unanimous vote because the nominations were for the existing board. Al Parker second the motion.

Zody asked the shareholder to Raise their hand in agreement. No count of hands was taken, overwhelming hands were raised.

Zody called for a Voice Vote – Motion Carried.

Approval of Proposed New Master Plan

Yes: 4177 Votes

No: 375 Votes

The Newly Appointed Board of Directors for 2024-2025 (voice vote, see notes above)

1. Luanne Uhl
2. Andy Zody
3. Eric York
4. Kellie Williams
5. Dave Nilsen

Shareholder Allotment Options

Option 1: 619 Votes

Option 2: 3932 Votes

Choice 1: 3583 Votes

Choice 2: 18 Votes

Choice 3: 332 Votes

VII. Adjournment 12:00 pm (noon)

Organization Meeting following the elections – Called to order at 12:01 pm

Board Member Nilsen moved to keep the Board of Directors roles, the water staff as is – accountant, lawyer, and staff.

Uhl seconds the motion.

Motion Passed

Adjournment – Nilsen moved to adjourn the meeting, Uhl second the motion, adjournment at 12:04.

Respectfully Submitted,

Kellie Williams

Kellie Williams – Secretary/Treasurer
Sheep Creek Water Company
Board of Directors