

***Sheep Creek Water Company
Regular Board of Directors Meeting
February 28, 2019 ~ 6:30 PM
Snowline Joint Unified School District ~ Board Room
4075 Nielson Road, Phelan, CA 92371***

The Regular Board of Directors Meeting of February 28, 2019, was called to order at 6:30 PM by President Andy Zody. Chris Cummings led in the Pledge of Allegiance and David Nilsen led in the Invocation. Mr. Zody reminded all those present, that the meeting was being recorded, for accurate minutes.

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

Guests Present: Guests present were Charlie Johnson, Mike & Judy O'Brien, Michael Palecki, Deborah Philips, Yahsa Philips, Bernadette Bucnis, George Cardenas, Dane & Jeanna Mills, and Diane Hayball.

Staff Present: Staff present were General Manager Chris Cummings and Administrative Secretary April Dryden Chaplin.

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

Open Forum: Diane Hayball asked how many shares were included with Sheep Creek Water Company. The company has 8000 shares within the company. It is the 8000 shares that are configured into how much the current allotment will be. The Board encouraged all the shareholders to come to the Annual meeting, in order for their votes to count. The amount of proxies needed to have a quorum for the Annual Meeting is 3,200 proxies. There was discussion as to why water allotments are lowered and new meters are installed. It was explained that the water allotments are based on the production at the Wrightwood Well Field and divided by the 8,000 shares and not the meter services. All shareholders are entitled to receive their water based on the number of shares they own.

Diane also asked about the IEC Report vs. California Rural Water's Report. Chris explained that the IEC report is the Feasibility Report required by the State. The IEC report is recommending up to four new wells as an alternative to consolidation. The other report by California Rural Water, is the full system report to help with technical assistance with Sheep Creek Water. CRWA is working to get grant money for Sheep Creek. Included in the report are also staff recommendations.

Old Business:

System Update – Static levels have had a slight increase over the past few weeks. Water levels compared to one year ago have increased between 4 to 9 feet. Well 8 is the only well that has had no increase. The Tunnel is flowing between 107 to 111 gallons per minute. Current pumping capacity for February is 1,293 gallons per minute. Well field pumping capacity is at

1,042, which is a decrease of 210 gallons per minute from one year ago. The current usage is averaging 335,000 gallons per day.

The Edison contract for Well 11 has been signed and sent back to Edison. The service panel is currently being built and prepared for the well site. The total cost for Edison is \$2,026.

California Rural Water Association has completed a Leak Detection survey on the system. No leaks were found in the system, however, there were a number of bad meters detected and they are being checked and replaced.

A new CLA Val station is currently being planned for installation on Smoke Tree Rd. This will allow additional water to be pushed to the east side of Johnson Road.

Water main Replacement Project – There were two alternatives discussed at the last meeting. Both alternatives were put on hold due to the CEQA and additional cost. Chris recommended to move forward with the ongoing water main replacements. The first project that he would like the Board to consider is on Sierra Vista Road, from Smoke Tree Road which will continue south. Once they are connected, Phelan Road to Smoke Tree will be all one line. The cost of this project is approximately, \$100,000.00. The funds will be pulled from the System Upgrade Account and any Tier 3 overage funds. David Nilsen moved to accept and proceed with the Water Main Replacement Project. Bob Howard seconded the motion. Motion carried.

Feasibility Report Updates – No updates, but we do have a meeting with the State Water Board later next week.

New Business:

Annual Meeting

Agenda - No approval was made at this time. The Agenda for the Annual Meeting will need to be brought back to the next meeting.

Proxy Form – Kellie Williams moved to approve the Proxy Form for the 2019 Annual Meeting. Luanne seconded the motion. Motion carried.

Account 698 – Chris explained that Account 698 is a local business that is asking for a credit due to broken water pipes. The Board took no action.

Review Letter of Intent / Resolution – Chris asked the Board to review the Letter of Intent. It will be discussed at the meeting with the State next week, if the Board chooses to consolidate the letter and resolution will be signed and sent to the State.

At this time, Andy Zody read two points written by the company's lawyer concerning any legal issues regarding the position of the water company at this time.

1.) *" Any discussions between the Board and CSD should occur utilizing only a person or committee expressly authorized by the SCWC Board for that purpose, and only within specified authority limits – failure to do this could lead to misrepresentations and misunderstanding which could create liability of SCWC".*

2.) *"Board members need to put their fiduciary obligations as Board members ahead of their personal interests in such discussions – failure to do this could lead to personal liability of the Board member."*

Next Scheduled Meetings

March 7, 2019 – Directors Workshop

March 21, 2019 – Regular Board Meeting

April 4, 2019 – Directors Workshop

April 18, 2019 – Regular Board Meeting

Adjournment: Bob Howard moved to adjourn the meeting. David Nilsen seconded the motion. Motion carried. The Regular Board of Directors Meeting of February 28, 2019 was adjourned at 7:20 PM.

Closed Session: Closed session began at 7:21 PM for an employee evaluation.

Respectfully Submitted,

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

KWac2/28/19