

**Sheep Creek Water Company**  
**4200 Sunnyslope Rd.**  
**P.O. Box 291820**  
**Phelan, CA 92329-1820**  
*Office (760) 868-3755/Fax (760) 868-2174*  
*Email [sheepcreek@verizon.net](mailto:sheepcreek@verizon.net) / [www.sheepcreekwater.com](http://www.sheepcreekwater.com)*

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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 6, 2023 at 10:00 a.m.**, local time, for the following purpose:

**I. Open Meeting**

- a.) Flag Salute & Invocation
- b.) Introductions
  - 1) Board Members
  - 2) Past Board Members
  - 3) Sheep Creek Water Company Staff
  - 4) Proxy Committee
- c.) **Open Forum/Public Comment-** Under this item any member of the Board or Public may address the Board on any item relating to the company not listed on this agenda. However, 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.

**II. Financial Update**

- a.) Approval of 2022 Financial Statement

**III. Old Business**

- a. Approval of Annual Meeting Minutes of 2022
- b. System Update
- c. Consolidation Update
  - After both written and verbal negotiations for several years with the CSD and their legal counsel team SCWC will not be consolidating.
  - On July 9<sup>th</sup> 2022 California State Department of finance stating they will not provide funding for SCWC's water rights. The consolidation agreement was contingent upon the State of California providing the funding for the water rights.
- d. State Water Resource Control Board (SWRCB) Compliance Order Update
  - There are 2 well sites that have the CEQA documentation completed for SCWC.
  - CA Department of Fish and Wildlife is trying to put Western Joshua Trees on the endangered species list.
  - SCWC is currently working with the San Bernardino County Environmental Health on obtaining permits; wells will be drilled more than 40' away from Joshua Trees. SCWC will not be impacting any Joshua Trees on one site and the other property is under determination from Fish and Game.
  - Test well was drilled at the office site. Granite and bedrock was discovered at 440' to 520' and the geologist and well drillers suggested this not a viable location to continue to search for water.

**OVER →**

#### IV. New Business

##### **Action Items will be voted by shareholders**

##### **Board of Directors recommends the approval of the below Action Item**

###### a.) Future Share Program

- Purchasing shares from shareholders.
- Limit of 5 shares per person.
- Maximum of 50 shares per year, not to exceed SCWC 20% ownership of outstanding shares.
- Purchase shares at \$1,100 per share and sell shares at \$3,250 per share.
- Purpose is to raise the value of your share and the revenue from the sale of shares will be used to upgrade the entire system.
- Tier 3 revenue will fund this Program.
- Priority of Tier 3 revenue:
  - 1) Pay for additional wells.
  - 2) Fund \$200,000 for system upgrades.
- Remaining revenue can be used for this program.
- The Board of Directors will adjust the size and scope of the program depending on funding in Tier 3.

#### V. Election of SCWC Board of Directors

##### **Action Items will be voted by shareholders**

- a. Nominations for Board of Directors
- b. Nominees will have three minutes each to provide background, experience etc.

#### VI. Procedures for Voting

#### VII. Adjournment

*Dear Shareholders,*

*Whether or not you plan to attend the  
Annual Meeting*

*Please sign, and date the enclosed proxy form.  
A return envelope has been provided for your  
Convenience.*

*Remember,*

*If you attend the meeting on May 6, 2023,  
You must be signed in before 10:00 A.M.  
**Or your vote will not be counted!***

*We hope to see you there!*

*You can also send the Proxy by  
E-mail: [sheepcreek@verizon.net](mailto:sheepcreek@verizon.net) or  
Fax: (760) 868-2174*