

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 / www.sheepcreekwater.com

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 3, 2025, at 10:00 a.m.**, local time, for the following purpose:

I. Open Meeting 10:02 am

a.) Flag Salute & Invocation

b.) Introductions:

- 1) Board Members: Andy Zody, Kellie Williams, Luanne Uhl, David Nilsen, & Eric York
- 2) Past Board Members: Jim Watson, Bob Howard
- 3) Sheep Creek Water Company Staff
 - i. General Manager: Joseph Tapia
 - ii. General Assistant Manager: Therese Rodriguez
 - iii. Field Staff: Mike Siaz, Paul Pollard, Nathan Havrilo, Joseph Zuniga, Joseph J. Tapia
- 4) Proxy Committee
 - i. Proxy Committee: Maria Peralta, Christina Garland, Therese Rodriguez, Audree Garland
 - 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.

1. Peter Barnes – Peter Barnes shared his deep connection to the community, having resided here for five years. He emphasized that the Sheep Creek Water Company (SCWC) is a vital part of our community's heritage, likening it to the biblical figure Jacob who sacrificed his sustenance for a greater purpose. He mentioned the Mojave Water Agency, which is actively working to channel water beneath the mountain to the river [Colorado River]. Mr. Barnes expressed his strong desire to retain ownership of the company, fearing that selling it could lead to detrimental outcomes similar to those experienced by others in the past.
2. Laura Steinmann – Laura Steinmann presented an opportunity regarding a 10-acre parcel of land that she is willing to sell to the Sheep Creek Water Company (SCWC). She indicated that if SCWC is not interested, she will need to pursue other buyers. Laura highlighted the importance of considering her property and the presence of Joshua trees, which may impact the decision. If she does not receive a response in the next 3-4 months, she plans to list the property for sale. She also mentioned that the water source is approximately 200 feet deep, and it might be more cost-effective to remove the Joshua trees and drill to a shallower depth.

II. Financial Update

a.) Approval of 2024 Financial Statement

- a. Zody presented the 2024 Financial Statement detailing Assets, Liabilities, and Stockholders' Equity.

Approval of the 2024 Financial Statements: Jim Watson moved to accept the 2024 Financial Statements as presented. Bob Howard seconded the motion. The motion was carried.

III. **Old Business**

- a. Approval of the Annual Meeting Minutes of 2024:

Jim Watson moved to accept the 2024 Annual Meeting Minutes. Barbara Adler seconded the motion. The motion was carried.

- b. System Update

President Zody provided an overview of the system update, which included details on company upgrades, production levels, rainfall totals, and the replacement of meters. A discussion was held regarding the implementation of electronic meters, as well as the occurrence of nine main line leaks attributed to normal wear and tear. Additionally, the rehabilitation of Well #11 was addressed.

- c. State Water Resource Control Board (SWRCB) Compliance Order Update

Well 13 Update: President Zody provided an update on the compliance letter, noting that it has been completed and water testing has been finalized. We are currently waiting for Edison to finish their electrical project.

IV. **New Business**

Action Items will be voted by shareholders.

The Board of Directors recommends the approval of the Action Item below

- a.) New Steel Building Project & Conversion of Current Garage to Meeting Room

President Zody addressed concerns regarding the community and a rise in theft incidents. He detailed a recent theft involving the Sheep Creek Water Company (SCWC), during which a trailer and its contents were stolen. Although the trailer was recovered, tools valued at approximately \$60,000 were lost. SCWC is looking to enhance the security of its equipment and supplies. Nilsen proposed constructing a steel building to securely store tools, supplies, and equipment to better protect the property. Funding for this project will come from the general fund and Tier 3, with no increases to customer bills anticipated.

Questions Raised:

- What will be the estimated costs? We do not have an estimate yet, as we are waiting for requirements from San Bernardino County.
- Is the new steel building project and the conversion of the garage the same project? Yes.
- What is SCWC doing to prevent theft in the new building? SCWC has upgraded its security system to provide notifications to both the sheriff and employees.

Approval of the New Steel Building Project & Current Garage: Voting ballot.

V. **Election of SCWC Board of Directors**

Action Items will be voted on by shareholders.

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

Shareholders Jim Watson and Doug Seaver nominated the current Board of Directors, and the Board accepted the nominations.

Bob Howard motioned to close the nominations, and Jim Watson seconded the motion.

Eric York expressed his gratitude to the shareholders for their support in keeping the board focused on maintaining the company's solvency. He thanked everyone in attendance for their contributions.

VI. Procedures for Voting

A quorum was established. Nilsen requested a voice vote, and Attorney Mr. Riffenburgh asked shareholders to choose between a voice vote or a ballot vote. Shareholders Peter Barnes and Laura Steinmann raised their hands in favor of a ballot vote, which was subsequently conducted.

Approval of the New Steel Building and Renovation of the garage.

Yes: 3,508

No: 471

Appointed Board of Directors for 2025-2026

1. Luanne Uhl: 3569
2. Andy Zody: 3569
3. Eric York: 3569
4. David Nilsen: 3569
5. Kellie Williams: 3569
6. Write in:
 - a. Peter Barnes: 410

VII. Adjournment

The organization meeting following the elections was called to order at 10:55 AM. Board Member Nilsen motioned to retain the current roles of the Board of Directors and the water staff, including the accountant, lawyer, and staff. York seconded the motion, and it passed.

Adjournment: Nilsen moved to adjourn the meeting, and Uhl seconded the motion. The meeting was adjourned at 11:06 AM.

Respectfully Submitted,

KW

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