

# **SHEEP CREEK WATER COMPANY**

## **ANNUAL SHAREHOLDERS MEETING MINUTES**

**May 6, 2023**

Pinon Mesa Middle School

9298 Sheep Creek Rd., Phelan, CA 92371

**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 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 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: Andy Zody, Kellie Williams, Luanne Uhl, David Nilsen, & Eric York
  - 2) Past Board Members: Jim Watson, Bob Howard & Hugh Smith
  - 3) Sheep Creek Water Company Staff:
    - i. General Manager: Joseph Tapia
    - ii. General Assistant Manager: Therese Rodriquez
    - iii. Field Staff: Michael Siaz, Paul Pollard, Nathan Havrilo, Joseph Zuniga
    - iv. Accounts Payable: April Chaplin
    - v. Accounts Receivable: Dorothy Zody
  - 4) Attorney Mr. Riffenburgh
  - 5) Proxy Committee
    - i. Proxy Committee: Dorothy Zody, April Chaplin, Therese Rodriquez, Mary Watson, Estella Pollard, Joanna Spainhower
    - ii. Inspector of Election: Norma York
- 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.

**Moved prior to the election.**

**II. Financial Update**

- a.) Approval of 2022 Financial Statements
- b.) Financial Statements are attached

Approval of the 2022 Financial Statements. Jim Watson moved to accept the 2022 Financial Statements as presented. Shareholder Mazie Parker seconded the motion. Motion carried.

**III. Approval of Annual Meeting Minutes of 2022**

- a.) Annual Meeting Minutes of 2022 are attached

Jim Watson moved to accept the Annual Meeting Minutes 2022. Mazie Parker seconded the motion. Motion carried.

### III. Old Business

- a. System Update
- b. System update attached

President Zody provided an overview of our system update to include the concern over the increase in the price of goods which increases our company's operating expenses. Zody also summarized the use of water and share ownership of water shares. Zody provided an update on water meters, line improvements, and fire hydrant upgrades.

- c. Consolidation Update

President Zody provided an update on the consolidation:

- After written and verbal negotiations, for several years, with the CSD and their legal counsel team.
- On July 9<sup>th</sup>, 2022, the California State Department of Finance stated they would not provide PPCSD funds to purchase SCWC water rights. Consolidation stopped. SCWC will continue to review purchase offers from PPCSD. SCWC has not received written offers to date.
- The consolidation agreement was contingent upon the State of California funding the water rights.

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

President Zody provided an update on the Compliance Order:

- Two well sites 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 San Bernardino County Environmental Health on obtaining permits; wells will be drilled more than 40' away from Joshua Trees. SCWC will not impact any Joshua Trees on one site; the other property is under review by the Fish and Game Department.
- Test well was drilled at the Office site. Granite and bedrock were discovered at 440' to 520', and the geologist and well drillers suggested this was not a viable location to continue to search for water.

President Zody updated rainfall and measurements from the past few months. The Tunnel water has increased from prior years. Zody provided Well pumping updates.

### IV. New Business

**Shareholders will vote on Action Items.**

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

- a.) Future Share Program update by Nilsen:
  - Purchasing shares from shareholders.
  - Limit of 5 shares per person.
  - Maximum of 50 shares per year, not to exceed SCWC 20% of the 8,000 shares.
  - Purchase shares at \$1,100 per share and sell shares at \$3,250 per share.

- The purpose is to raise the value of your shares, 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 and 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.
- This program will not compete with other shares (listed on the district list) sold between shareholders.

**Comments from Shareholders (summarized)**

- Shareholder would like the board to review, the number of shares a shareholder can sell determined by shareholder needs and available Tier 3 funds.
  - Shareholders would like the board to review, the number of shares will be determined by shareholder needs and available Tier 3 funds.
  - Shareholders would like the board to review the valuation of shares depending on the market demand and supply.

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

a.) **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.

- 1) Peter Barnes – Comments followed.
- 2) Deborah Philips – Comments followed.
- 3) Lisa Tovar-Trujillo – asked who to contact about the consolidation.
- 4) John Burcher – Comments followed.
- 5) Marlana & Jennifer Nilsen – Comments followed.
- 6) Chris Williams – Comments followed.
- 7) Robert Righetti – Comments followed.
- 8) Jerry Bates - Comments followed.
- 9) Tim Baker – Questions about the Share costs and setting the values.
- 10) Jim Watson – Comments followed.
- 11) Luanne Uhl – Comments followed.
- 12) Kellie Williams – Comments followed.
- 13) Eric York – Comments followed.
- 14) Lynn Seart – Buy Back Program
- 15) Kathleen Zimmerman – Comments followed.

**Shareholders will vote on Action Items.**

a. Nominations for Board of Directors

- Shareholder Jim Watson nominated the current Board of Directors and second by Mazie Parker
- Shareholder Dianne Hayball nominated Deborah Phillips second by Shareholder Tovar
- Shareholder Sharon Barnes nominated Peter Barnes second by Elizabeth Barnes

- Shareholder Lisa Tovar nominated Brek Randolph second by Deborah Duncan
- Shareholder Jim Watson moved to close the nominations. Andy Rael closed the nominations.

Discussion Followed

b. Nominees will have three minutes each to provide background and experiences.

- Deborah Phillips
- Peter Barnes
- Brek Randolph
- Kellie Williams
- Dave Nilsen
- Eric York
- Andy Zody
- Luanne Uhl

#### VI. Procedures for Voting

Attorney Mr. Riffenburgh instructed shareholders on the voting process. The voters will vote for the Board of Directors and the Future Share Program.

#### **The Newly Appointed Board of Directors for 2022-2023**

1. Luanne Uhl 3883
2. Andy Zody 3801
3. Eric York 3344
4. Kellie Williams 3322
5. Dave Nilsen 3251

- 
- Deborah Phillips 1026
  - Peter Barnes 1123
  - Brek Randolph 1087

Future Shares Program

- Yes 3767, No 612

Future Shares Program approved by a majority vote.

#### VII. Adjournment – 1:18 pm

#### **Organization Meeting following the elections – Called to order at 1:24 pm**

President Zody motioned to keep the water staff as is – accountant, lawyer, and staff. Uhl seconds the motion.

Motion Passed

Nilsen makes the motion to keep the board staff as is. York seconds the motion.

Motion Passed

Nilsen wants to make sure the meeting will be held at a location to accommodate all who want to attend and suggests Attorney Mr. Riffenburgh can attend the next meeting to guide Sheep Creek on future legalities. Ernie would like a list of issues to be discussed so he can come prepared.

Adjournment – Nilsen moved, Uhl second the motion, adjournment at 1:26

Respectfully Submitted,



*Kellie Williams-Secretary/Treasurer  
Sheep Creek Water Company  
Board of Director*