

SHEEP CREEK WATER COMPANY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
October 17, 2023 ~ 6:00 PM
PINON MESA MIDDLE SCHOOL- MULTI-PURPOSE ROOM
9298 Sheep Creek Rd., Phelan, CA 92371

Anyone who like to attend meetings in person are required to RSVP not less than twenty-four (24) hours prior to the meeting.

MEETING MINUTES

1) Open Meeting- 6:00 PM

- a. The Regular Board of Directors Meeting of October 17, 2023, was called to order at 6:01 PM by President Andy Zody. Vice President Luanne Uhl led the Pledge of Allegiance. Director David Nilsen led the Invocation.
- b. Directors Present:
 - a. Andy Zody is in attendance as Presiding President.
 - b. Luanne Uhl is in attendance as Presiding Vice President,
 - c. Kellie Williams is in attendance as Secretary/Treasurer.
 - d. David Nilsen is in attendance as Presiding Director.
 - e. Eric York is in attendance as Presiding Director.
- c. Guests Present:
 - a. Shareholder Peter Barnes
 - b. Guest Andrea Frost
 - c. Guest Yasha Philips
 - d. Guest Deborah Philips
 - e. Shareholder Guadalupe Vasquez
- d. Staff Present: General Manager Joseph Tapia and Therese Rodriguez, General Manager Assistant, were present.

2) Consent Motions

- a. Minutes:
 - a. *Regular Board of Directors Meeting- September 19, 2023*
- b. Bills:
 - a. *September 19, 2023 through October 17, 2023*
- c. Managers' Report: Included in Board Packet

Nilsen moved to accept all Consent Motions as presented. Luanne Uhl seconded the motion

Motion carried, 5 yes, 0 no

- 3) 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. Please be advised that this meeting will be recorded for documentation purposes and to help the accuracy of meeting minutes.

Speaker 1: Peter Barnes, expressed his opinion on water production. Issues with the negotiations with the SWCRB. Does not agree with the support of the State and to rely on the state for support. Barnes believes the board has not done right by the shareholders.

4) **Old Business**

Information Items:

- a. SWRCB Negotiations

Nothing to report.

Action Items:

- a. Answers to 9-19-2023 Meeting Questions

Information Items:

- 1). I am requesting information regarding the Share Buyback program. Specifically, I want to know the accounts shares were purchased from, and the number of shares purchased per account.

#1 Answer: No shares have been purchased by SCWC at this time.

- 2). It was stated tonight that the collateral for the line of credit used to pay for the wells is a lien from CoBank against all properties owned by Sheep Creek Water Company, secured by a deeds of trust securing these liens. Does "all properties" include Sheep Creek Water Company's water rights in Swarhout Canyon? Also, does "all properties" refer only to the land, or does it include the infrastructure on the land?

#2 Answer: This question was answered at the last board meeting. Co-Bank has liens on all land properties owned by SCWC. These liens are secured by Deeds of Trust.

- 3). My question below was not answered tonight, so I will ask again -the most recent Consumer Confidence Report states that Chromium 6 levels range from non-detectable to 14 (ug/L). Which well or wells are at or above 10 (ug/L) and what is Sheep Creek Water Company's alleviation plan for the well or wells at or above this level?

#3 Answer: This question was answered at the last board meeting.

Chromium 6 levels for Well 11:

February 2020- 14 ug/l

March 2020-9.4 ug/l

April 2020-5.4 ug/l

July 2021- 3.6 ug/l

SCWC is under the required state standard.

All canyon wells-none detected.

- 4). Additional questions I asked tonight: Was the discussion tonight regarding "SWRCB negotiations" during tonight's meeting meant to "cure" the Board's discussion of this item under closed

session during the August meeting? Was the proposal Mr. Nilsen presented for the formation of a committee, with a stipend of \$200 for Board participants per meeting, along with delegating \$50,000 for legal expenses related to potential negotiations with the SWRCB. Was this the full extent of the Board's conversation during closed session?

#4 Answer: This question was answered at the last board meeting. This was cured at the last meeting. This was the full extent of what was discussed during the closed session meeting

- a. System Update – Tapia report on healthy productions and system updates – see Appendix A. Discussion followed.
- b. Robert's Rules of Order/ Board Meeting Rules and Regulations

Williams updated on meeting minutes to follow Roberts Rules of Order.

5) New Business

Action Items:

- a. 2-New Meters

York moved to accept two meters as presented. Uhl seconded the motion. Account #1403, #1404. Discussion followed.

Motion carried, 5 yes, 0 no

- b. Account #325, line break

Nilsen moved to support Account #325 to pay Tier 1 and Teir2 rates. Williams second the motion.

Motion carried, 5 yes, 0 no

- c. 2024 Operating Budget Review

Information Only – for the Shareholders to review for the November meeting.

Nilsen discussed the 2024 Operating Budget and increase cost of operation. Master Plan and upgrades to the SCWC system. Discussion followed regarding the increase in the overall operations cost to SCWC. Examples given was the increase in medical expenses, about 14%, and the increase in legal expenses.

Williams read the increases in the Tier Rates and Service Charge:

Tier 1: \$0.55 to \$0.65

Tier 2: \$4.50 to \$5.27

Tier 3: \$10.00 to \$11.00

Service Charge: \$60.50 to \$65.00

Service Charge: \$5.00 for the loan (stays the same)

Meter Installation fee: increase by 15%

6) Next Scheduled Meeting

- a. November 21, 2023

Nilsen moved to change the November 21, 2023, to November 7, 2023. Uhl second the motion.
Motion carried, 5 yes, 0 no

7) Closed Session 6:30

- a. Employee Evaluation-

8) Adjournment

Out of closed session 6:56. Nilsen moved to adjourn the meeting at 6:57. Uhl second the motion.

Respectfully Submitted,

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

**Appendix A:
October 17, 2023**

PRODUCTION

- September Production- 48.47 AF- 2023 Year to Date Production- 418.97
- September Meter Service Usage- 39.83 AF; 2023 Year to Date Consumption- 342.27

Well soundings, 2023:

- Static Water Levels compared Sept 2022 to Sept 2023:

Well 2A. static level is up 39.27 feet.

Well 3A. static level is up 39.27 feet.

Well 4A. static level is up 26.20 feet.

Well 5. static level is up 43.89 feet.

Well 8. static level is up 57.75 feet.

Well 11. static level is up 1 feet.

Tunnel the Tunnel flow is currently averaging 176

- Total pumping capacity as of Sept 2023 is 2,191 gpm.
- Current usage is averaging 432,000 gallons per day, 300 gallons per minute
- Allotment Tier 1 – First share on account remain 750 CF/Share and Remaining shares 150 CF/Share. \$0.55 per hcf
- Allotment Tier 2 – 150 CF/Share all shares after Tier 1 \$4.50 per hcf
- Tier 3 Overage- No Allotment \$10.00 per hcf

Work Completed or in Progress-September 2023

- Work orders as office requests
- Well soundings – weekly
- Samples- weekly
- 1- Meter upgrades
- 0-Mainline leaks / 3- service line leaks
- Cut out and remove stand pipe, and install 4” gate valve
- 3-New Meter Installs- Completed
- End of Line Flushing
- Well 13 Update:
 - Test Pumping began on October 6, 2023
 - On October 6, 2023 The initial test was pumping started at 120 GPM
 - As of October 10, 2023 Well # 13 is test pumping at 240 GPM
 - As of October 12, 2023 Well drillers are anticipating a higher GPM as they continue test pumping.