

***SHEEP CREEK WATER COMPANY***  
***Regular Board of Directors Meeting Minutes***  
***January 17, 2023, ~ 6:00 PM***  
***4200 Sunnyslope Rd., Phelan, CA 92371 ~ Board Room***

**1) Open Meeting**

- a. The Regular Board of Directors Meeting of January 17, 2023, was called to order at 6:00 PM by President Andy Zody. Secretary/Treasurer Kellie Williams led the Pledge of Allegiance. Director David Nilsen led the Invocation. President Andy Zody reminded all present and listening that all meetings are recorded for the accuracy of the minutes.
- b. Directors Present:
  - Andy Zody is in attendance as President.
  - Kellie Williams is in attendance as Secretary/Treasurer.
  - Luanne Uhl is in attendance as Vice President.
  - David Nilsen is in attendance as presiding Director.
  - Eric York is in attendance as presiding Director.
- c. Guests Present: Shareholders Peter Barnes attended tonight's Regular Board of Directors meeting.
- d. Staff Present: General Manager Joseph Tapia and Therese Rodriguez, General Manager Assistant, were present.

**2) Consent Motions:**

- a. **Minutes:** *Regular Board of Directors Meeting Minutes of December 13, 2022*
- b. **Bills:** *December 13, 2022, through January 17, 2023*
- c. **Manager's Report:** *January 17, 2023: Included in Board Packet*

Uhl moved to accept all Consent Motions on the Minutes of January 17, 2023. Williams seconded the motion. Motion carried.

- 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 acting on an item not appearing on the agenda. The board president will call on each participant, and you have three (3) minutes to speak.*

**Speaker 1: David Nilsen**

David Nilsen let the board know that he will not be going to Tulare to attend the Tractor Show. Instead, he would like Joey to attend and look around at the new equipment. He would like to see the two new employees attend. He wants Joey and the new employees to check out the new digging equipment to install new meters. New technology, a suction system that pulls meters up with limited use of a backhoe. Because we have all new fiber optics in town, we need to be careful and use the right equipment.

Nilsen would also like to consider the equipment needed to upgrade our system. Although he knows our focus is on the Wells at this moment, at the same time, we can't forget about the

entire system and upgrading the water system. Therefore, he would like Joey to have equipment ideas and be proactive with research to have a starting point when we need the equipment.

### **Speaker 2: Kellie Williams**

Kellie Williams let the board know that she will not be going to Tulare to attend the Tractor Show.

### **Speaker 3: Peter Barnes**

Speaker Barnes stated he submitted a letter requesting ALL accounting books and corporate records of SWWC to include all personnel and personal information on all employees; a discussion followed regarding HR and what Barnes was asking. The discussion ended that Barnes believing that he was entitled to all the company's information, including employees' personal information, as he is a shareholder and owns part of the company. The discussion concluded by giving Barnes the Salary Scale and Job Descriptions without personal information and all accounting records upon request.

Barnes discussed Sheep Creek owning shares, voting on those shares, and proxy votes; a discussion followed.

Barnes shared his opinion on adding additional meters; a discussion followed.

Nilsen asked Barnes what he was trying to accomplish, what is his purpose, and why all the questions. Nilsen stated he always informs everyone what he is for and what he is doing and believes Barnes and he is on the same page. Barnes stated he no longer thinks that. Barnes strongly disagrees with the board issuing new meters.

Discussion followed on share allotments and adjustments and water availability.

### **Old Business**

#### **a. *System Update – detailed numbers and information are in board packets.***

Tapia reported for the month of December 2022:

#### **PRODUCTION**

- December Production- 35.86 AF; 2022 Year to Date Production- 590.33
- December Usage- 26.95 AF; 2022 Year to Date Consumption- 495.75

#### **Well soundings, 2022:**

- Static Water Levels compared December 2021 to December 2022:

**Well 2A** static level had no change – Water Level 274'

**Well 3A** static level is up 2.31 feet – Water Level 279.82'

**Well 4A** static level had no change – Water Level 307.54'

**Well 5** static level had is up 6.93 feet – Water Level 276.78'

**Well 8** static level had no change – Water Level 319.88'

**Well 11** static level had no change – Water Level 949'

**Tunnel** the Tunnel flow is currently averaging 142

- Well 2A running an average of 3.7 hours a day. Ran for 7 days.
- Well 3A running an average of 1.2 hours a day. Ran for 2 days.
- Well 4A running an average of 8.9 hours a day. Ran for 15 days.
- Well 5 running an average of 3.7 hours a day. Ran for 7 days.

- Well 8 running an average of 9.4 hours a day. Ran for 11 days.
- Well 11 running an average of 1 hours a day. Ran for 1 day.
- Total pumping capacity as of December 31, 2022 is 2,046 gpm.
- Current usage is averaging 283,000 gallons per day, 197 gallons per minute
- **Allotment Tier 1 – First share on account remain 750 CF/Share and Remaining shares 150 CF/Share. \$0.50 per hcf**
- **Allotment Tier 2 – 150 CF/Share all shares after Tier 1 \$3.46 per hcf**
- **Tier 3 Overage- No Allotment \$8.32 per hcf**

**Work Completed or in Progress-December 2022**

- Work orders as office requests
- Well soundings – weekly
- Well samples- weekly
- 2- Meter upgrades
- Total upgrades for 2022 is 53
- 0 -Mainline leaks / 0- service line leaks
- Total for 2022 is 3 service line leaks and 4 main line leaks
- Total fire hydrants replaced for 2022 is 3
- Total gate valves replaced/ installed is 10
- Fire hydrant flushing
- Valve Exercising

## **New Business**

### **b. *Water Shares***

**Motion:** Zody motioned to purchase [all of] PPHCSD water shares. Williams seconded the motion.

**Discussion:**

PPHCSD has asked SCWC to purchase its shares. Barnes asked – how many shares does PPHCSD have? 21 shares. The board members agreed to allow Tapia to negotiate prices for all 21 shares.

**Vote:** Motion carried, 5 yes, 0 no's

### **c. *Engineer to Upgrade Master Plan***

**Discussion Item:** Table the discussion until we get more information from Ardurra (Dolores Salgado).

#### **4) Next Scheduled Meeting**

The next meeting will be on February 21<sup>st</sup>, 2023.

#### **End of the meeting discussion**

At the end of the meeting, following the discussion to hire Ardurra (Dolores Salgado) discussion regarding the value of shares, water rights, company records, drilling, consolidation, El Mirage basin, Mojave Water District, Tier payment structure, primary source, secondary source, and a little history on the LA Well and wheeling water through PPHCSD system.

Nilsen ended with the plan to get a secondary source to meet our max day demand. Nilsen suggested the following steps after a secondary source was completed to formulate a phase-in plan to equalize each share and continue reviewing Tier 3 prices to pay for our new wells. This will take time; Nilsen thinks it will take time.

Discussion followed regarding Tier 3, who pays into Tier 3, and who uses the water in Tier 3.

- 5) Closed Session:** The meeting went to Closed Session at 6:05 pm *through* 7:05 pm  
*a. 2023 COLA*

**6) Adjournment**

David Nilsen moved to adjourn the meeting. Eric York seconded the motion. Motion carried. The Regular Board of Directors meeting of January 17, 2023, was adjourned at 7:31 pm.

Respectfully Submitted,

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