

**SHEEP CREEK WATER COMPANY**  
**REGULAR BOARD OF DIRECTORS MEETING MINUTES**  
**March 16, 2023 ~ 6:00 PM**  
**4200 Sunnyslope Rd., Phelan, CA 92371-Board Room**

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**1) Open Meeting**

- a. The Regular Board of Directors Meeting of March 16, 2023, was called to order at 6:01 PM by President Andy Zody. General Manager Joseph Tapia led the Pledge of Allegiance. Director David Nilsen led the Invocation. Andy Zody reminded all present and listening that all meetings are recorded for the accuracy of the minutes.
- a. Directors Present:
  - Andy Zody is in attendance as Presiding President.
  - Luanne Uhl is in attendance as Vice President, Presiding President.
  - Kellie Williams is in attendance as Secretary/Treasurer, via Zoom.
  - David Nilsen is in attendance as presiding Director.
  - Eric York is in attendance as presiding Director.
- b. Guests Present: Shareholders Peter Barnes attended tonight's Regular Board of Directors meeting. John S, Deborah Phillips, and Peter Barnes attended via Zoom.
- c. Staff Present: General Manager Joseph Tapia and Therese Rodriguez, General Manager Assistant, were present.

**2) Consent Motions**

- a. Bills:
  - i. *January 17, 2023, through February 21, 2023*
- b. Managers' Report: Included in Board Packet

Nilsen moved to accept all Consent Motions as presented. Eric York 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.*

**Speaker 1: Luanne Uhl**

Uhl discussed our website mentions the moratorium; she clarified we are allowed to [sell] a certain number of meters right now. Discussion followed. Board agreed the website needs to be

updated with the correct verbiage about the partial moratorium lift and thanked Uhl for bringing this to our attention.

**Speaker 2: Andy Zody**

Zody mentioned there is a website with a very similar name to Sheep Creek Water Company. This said website is not related to the company and the company attorney advised us to reach out to the owner of the said website if they would change the name to not say Sheep Creek Water Company. Barnes stated, “feel free to take it to court”. End of discussion.

**Speaker 3: Peter Barnes**

Questions:

1. Are there any qualifications for being a board member outside of being voted by shareholders? Discussion followed. Quick answer is, no, you don't need to be a shareholder to be a board member [per a quick glance from the by-laws as presented by Barnes].
2. Updated minutes, noted in the December Meeting minutes Zoom was dropped and he is requesting a recording of the meeting to check/ensure he did not miss anything. Discussion followed. Quick answer, yes, he can have the recording of the December meeting.

4) **Old Business**

*Action Items:*

a. **Regular Board of Directors Meeting Minutes:**

- i. December 13, 2022
- ii. January 17, 2023
- iii. February 21, 2023

Nilsen moved to approve all December, January, and February meetings as presented. York seconded the motion.

Motion carried, 5 yes, 0 no

b. **2023 Operating Budget Approval**

Discussion: Zody explained on item B, the 2023 Operating Budget was supposed to have been on the January meeting and it was left off inadvertently. Great apologies.

Uhl motioned to approve the 2023 Operating Budget. Nilsen seconded the motion.

Motion carried, 5 yes, 0 no

Discussion followed:

- Barnes pointed out for future reference; the budget needs to be approved before 2023. Therefore, January would have been too late, and the budget would need to be done in December. Discussion followed.

**i. Costs incurred by Sheep Creek Water and CPI Review**

Zody discussed the inflation of the cost of goods. Summary – Zody listed examples of inflation.

**ii. Sheep Creek Water Rate Changes Approval**

Nilsen moved the Sheep Creek Water Rate Changes as presented. Uhl seconded the motion.

Discussion followed, and Zody stated the rates are on this month's billing cycle, which took effect in February 2023.

Motion carried, 5 yes, 0 no

Discussion Followed:

- Barnes asked if this was legal to retroactively approve a rate increase that has already gone into effect. Zody replied that we spoke with the attorney, and he said if we bring it before the board and make sure we put it in tonight's agenda and vote [the attorney said], we are good.

*Information Items:*

- a. **System Update**
  - a. See the last page, Appendix A
- b. **Engineer to Upgrade Master Plan**
  - a. No update currently
- c. **Future Shares Program**
  - a. Nilsen would like to add the Future Shares Program to the May meeting agenda. Nilsen would like to present the program to the shareholders and let the shareholders vote.
    - Purchasing shares from shareholders.
    - Limit of 5 shares per person.
    - Maximum of 50 shares per year.
    - Purchase shares at \$1,100 per share and sell shares at \$3,250 per share in the future.
    - Idea is to raise the value of your share.
    - Tier 3 revenue will fund this Program.
    - Priority of Tier 3 revenue:
      1. Pay for additional wells.
      2. Upgrade to entire system.
      3. Remaining revenue can be used for this program. L,1
    - The Board of Directors will adjust the size and scope of the program depending on funding in Tier 3.

Nilsen discussed further the budget that was just approved including budgets to upgrade the system. If the projections of revenue fall short, this

program would be the last priority to expend Tier 3 revenue. Discussion followed. Barnes asked if this would apply to the purchase of PPHCSD shares. The answer is no. The Board approved to purchase of all the PPHCSD shares and PPHCSD chose not to sell them all; no shares were purchased from PPHCSD.

**d. Mission/Vision Statement Review**

- a. “Our Vision is Water is Life. It is a simple but powerful message that describes “why” we do what we do every day. Water is necessary for our customers and it's our mission to provide efficient, effective, and reliable water service. “Water is Life” also means we are there day after day, providing this essential and critical service to our community. We work hard in many ways to deliver clean water that is also safe, reliable, and affordable, because our customers, our employees, and those who invest in us deserve nothing less. We believe the only way to do business is to responsibly deliver water at cost to our customers, build a strong community, leverage innovation in our water system, and support the expertise and dedication of our shareholders.”

Uhl moved to incorporate the above Mission and Vision Statement. York seconded the motion.

Motion carried 5 yes, 0 no

**e. Tulare Farm Show**

- a. Tapia reported the show was okay, they had much larger equipment and trailers than what our company would need. Tapia mentioned a piece of equipment to purchase, which is called a vacuum excavator. It is used to assist in service line leaks and potholing utilities. Tapia mentioned software and equipment needed for better accuracy in monitoring our system. He did mention the idea of purchasing a dump trailer versus a dump truck in the future. Discussion followed.

**5) New Business**

*Action Items:*

- a. Sunset Little League/ Snowline Youth Football League Sponsorship

Nilsen moved to sponsor the Sunset Little League / Snowline Youth Football League at \$500 each. Uhl seconded the motion. Nilsen thanked Joe Tapia for donating his time for 17 years being a youth sports coach. Discussion followed.

Motion carried 5 yes, 0 no

*Information Items:*

- a. 2023 Annual Shareholders Meeting Information
- a. May 6, 2023, at 10:00 am will be the Annual Shareholders Meeting, location TBD, paperwork has been submitted to Snowline JUSD and they will assign a location.

- b. Information items for the Annual meeting need to be in the office by March 21<sup>st</sup>, 2023, by 4:00 pm.
- c. Proxy Committee
- d. Proxy Form needs to be approved by legal counsel
- e. Agenda work, Thursday, March 23<sup>rd</sup>
- f. Financial Advisor or are we going to it ourselves? Finances have been done by Zody in the past and he would like to review the Audit report.
- g. Overview of the Consolidation
- h. Update on drilling new wells
  - i. Discussion followed, Joshua Tree
  - ii. Discussion followed about the Proxy.

Zody moved to approve May 6<sup>th</sup> as the Sheep Creek Water Company Meeting and we will convene a special meeting next Thursday, March 23<sup>rd</sup> to review the agenda items for the Annual Shareholders meeting. Uhl seconded the motion.

Motion carried, 5 yes and 0 no

- b. PPHCSD Water Storage Right of Way in SCWC Zone
  - a. Tapia brought a map outlining the area of land purchased by PPHCSD and showed the board the boundaries and easements. An agreement between Ron Zimmerman and Roger Chaplin gave Sheep Creek Water Company additional footage. Our crew and PPHCSD worked together to smooth the road. Zody suggests we have our attorney draft a letter to share the easement and details of using the same road (upkeep). Nilsen stated he was in favor of PPHCSD putting in a new tank. Nilsen brought up an idea to support PPHCSD with a water storage facility in exchange for water up to 300 gallons a minute. Discussion followed.
- 6) **Next Scheduled Meeting**
  - a. March 23, 2023 – Annual Shareholder’s Agenda
  - b. April 18, 2023
- 7) **Closed Session 7:08 pm**
  - a. Manager First Year Review
- 8) **Open Session**
  - a. Discussed managers First Year Review
  - b. Corporations Code 14305
- 9) **Adjournment**

Zody moved to adjourn the meeting. York seconded the motion.  
Motion carried, 5 yes, 0 no

Respectfully Submitted,

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

## Appendix A:

### PRODUCTION

- February Production- 34.01 AF; 2023 Year to Date Production- 68.87
- February Usage- 26.72 AF; 2023 Year to Date Consumption- 52.09

### Well soundings, 2023:

- Static Water Levels compared February 2022 to February 2023:
  - Well 2A** static level is up 9.24 feet – Water Level 274’
  - Well 3A** static level is up 4.62 feet – Water Level 275.20’
  - Well 4A** static level is up 1.52 – Water Level 291.37’
  - Well 5** static level is up 4.62 feet – Water Level 276.78’
  - Well 8** static level is up 4.62 feet – Water Level 315.26’
  - Well 11** static level had no change – Water Level 948’
- Tunnel** the Tunnel flow is currently averaging 148
- Well 2A running an average of 1 hour a day. Ran for 1 day.
- Well 3A running an average of 1.1 hours a day. Ran for 1 day.
- Well 4A running an average of 4.4 hours a day. Ran for 3 days.
- Well 5 running an average of 1 hour a day. Ran for 1 day.
- Well 8 running an average of 9.62 hours a day. Ran for 25 days.
- Well 11 running an average of 2.5 hours a day. Ran for 2 days.
- Total pumping capacity as of February 28, 2023 is 2,190 gpm.
- Current usage is averaging 310,000 gallons per day, 216 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-February 2023

- Work orders as office requests
- Well soundings – weekly
- Well samples- weekly
- 4 - Meter upgrades
- 0-Mainline leaks / 0- service line leaks
- South Shaft Tunnel Repaired