

SHEEP CREEK WATER COMPANY
REGULAR BOARD OF DIRECTORS MEETING
March 19, 2024 ~ 6:00 PM
SNOWLINE SCHOOL DISTRICT-BOARD ROOM
4075 NIELSON RD, PHELAN, CA 92371

Anyone who would 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 March 19, 2024, was called to order at 6:03 PM by President Andy Zody. Vice President Luanne Uhl led the Pledge of Allegiance. Director Eric York led the Invocation.
- b. Directors Present:
 - a. Andy Zody is in attendance as Presiding President.
 - b. Luanne Uhl is in attendance as 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. Guest Present:
 - a. John Kimminall
 - b. Brian Woodring
 - c. Keith Jones
 - d. Bryan Webb
 - e. Naydine Web
 - f. Peter Barnes
 - g. Yasha Phillips
 - h. Deborah Phillips
- 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- February 20, 2024*
- b. Bills:
 - a. *February 20, 2024 through March 19, 2024*
- c. Managers' Report: Included in Board Packet

David Nilsen moved to accept the Bills, Managers Report and Minutes as presented. Luanne Uhl seconded the motion.

- 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 the meeting minutes.

Bryan and Naydine Webb expressed assistance with costs accrued via water leak. Zody recommended writing a letter to agendize this request at the next meeting.

John Kimminall – Asked if we still have a water shortage. He asked about the Tier price structure. Nilsen explained the water usage and production. Nilsen explained we are taking the water allotment back to the shareholders for their approval in the upcoming May Annual Shareholders meeting; it will be a shareholder's decision. Future discussion followed regarding current Wells and the backup Wells.

Nilsen discussed the Shareholder Allotment Consideration for the May meeting – see notes below.

Peter Barnes stated he filed a lawsuit against the water company, Peter Barnes vs. Sheep Creek Water Company. Peter Barnes made personal attacks against board members.

4) **Old Business**

Information Items:

Guest Speaker from USG Water from 5.a move to the beginning of the meeting.

- a. System Update - Tapia reported on healthy productions and system updates – see below Appendix A. Discussion followed. Well #13 waiting on Edison.

Action Items:

- a. Account 1128
York made a motion to open Account 1128 for discussion. No second. Motion denied.
- b. Shareholder Allotment Consideration

David Nilsen moved to present the Shareholder Allotment Consideration for the Annual Meeting. Luanne Uhl second the motion.

Discussion followed: Nilsen discussed the two allotment options and three options for funding revenues to pay for Well #13.

Option 1 – Keep the allotment as-is; 750 CU FT for the first share and 150 CU FT for each additional share that the shareholder owns. Pay for Well #13 from Tier 3.

Option 2 – Increase the tier/allotment to 600 CU FT for all shares in Tier 1. Increase the allotment for Tier 2 to 300 CU FT for all shares. If option II is voted, then there are three options to pay for well #13.

Option A: Keep the base rate as is at \$70, and increase it \$7.00, for a total of \$77 per month.

Option B: Increase all the water rates by 25%.

Option C: Have \$30 semi-annually (2x per year) assessments.

6 – yes

0 – no; motion carried.

c. Master Plan Draft

Nilsen moved to present the Master Plan to the community and host a workshop to allow the community to express their opinion to the board as outline below to be presented at the Annual meeting – agenda item.

Nilsen suggests the below options on how to pay for upgrading the system:

1. Grants
2. Increase System Upgrade Income to \$25,000 Every Year, Plus Inflation
3. Shareholder Approval – Approval of the Master Plan and Funding Sources.
4. Master Plan Community Workshop

Funding for the next two wells - #14 and #15. New meter sales will pay down the credit line, use available credit to drill Well #14 and Well #15.

York second the motion. Discussion followed. Williams expressed it doesn't feel good, inflation, cost of goods, etc. but it's the reality and SCWC is not immune to inflation.

6 – yes

0 – no; motion carried.

5) **New Business**

Information Items:

a. USG Water- Tank Presentation

Presentation by Keith Jones and Brian Woodring. Water system consultant in the State of California. Presentation on tank maintenance.

- Tank Maintenance Service, Asset Management Program,
- Service Center in Ontario and Victorville area – local support.
- Main business is tank maintenance – SCWC has tanks, some tanks need some renovations and maintenance. For an annual fee, they take full responsibility (fix, preventive maintenance) of the tank and SCWC keeps ownership of the tank.
- Certified and qualified staff
- An inspector came and created a scope of work for tanks 1-7.
 - USG keeps updated with state regulations and will maintain wells to be compliant with new codes.

Action Items:

a. 4-New Meters

Nilsen motioned to approve the New Meters.

Williams second the motion.

6 – yes

0 – no; motion carried.

b. Accounts Receivable- New Hire

Williams motioned to hire at the discretion of the General Manager a new accounts receivable (replace an employee who is retired).

Uhl second the motion.

6 – yes

0 – no; motion carried.

c. Account 963

No motion

d. Well 13 Block Wall

Nilsen motioned to build a block wall, gate, and security system for Well #13.

York seconded the motion.

6 – yes

0 – no; motion carried.

e. Well 10 Transducer

Zody tabled this request until the next meeting.

f. 2024 Annual Shareholder's Meeting

i. 2024 Annual Agenda

ii. 2024 Proxy Form

Zody motioned the 2024 Annual Shareholder Meeting be May 4th at SJUSD.

Nilsen seconded the motion. Discussion followed. Nilsen wanted to make sure envelopes will be sent out with the Annual Agenda and Proxy forms.

6 – yes

0 – no; motion carried.

Nilsen motioned the 2024 Annual Agenda as presented.

Williams seconded the motion.

6 – yes

0 – no; motion carried.

Nilsen motioned the 2024 Proxy Form as presented.

York seconded the motion. Discussion motioned. Andy wants to make sure the date of the Proxy is due Wednesday to give the office staff time to collect proxy by Thursday.

6 – yes

0 – no; motion carried.

6) Next Scheduled Meeting

- a. April 16, 2024

7) Closed Session – 8:13

- a. Employee Evaluation
- b. Legal Counsel-Lawsuit

8) Adjournment -8:24

Respectfully Submitted,

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

Appendix A:
March 19, 2024

PRODUCTION

- February Production- 30.619 AF- 2024 Year to Date Production- 64.79
- February Meter Service Usage- 26.061 AF; 2024 Year to Date Consumption- 54.148

Well soundings, 2024:

- Static Water Levels compared February 2023 to February 2024:

Well 2A. Static level is up 41 FT.

Well 3A. Static level is up 36 FT.

Well 4A. Static level is up 34 FT.

Well 5. Static level is up 39 FT.

Well 8. Static level is up 30 FT.

Well 11. Static level No Change

Tunnel the Tunnel flow is currently averaging 201 GPM.

- Total pumping capacity as of February 2024 is 2,206 GPM.
- Current usage is averaging 292,000 gallons per day, 211 gallons per minute.

Work Completed or in Progress- February 2024

- Work orders as office requests.
- Well soundings – weekly.
- Samples- weekly
- 10- Meter upgrades
- 2- New Meter Install
- Fix Roads/Bury Line
- Install Air Vac
- 0-Mainline leaks / 0- service line leaks
- Well 13 Update:
 - Currently waiting for Edison and our Electrician contractor to finish the electrical work on the well. Once that is completed, we can hook up to our system and the well drillers can come in and do start up.
- **Allotment Tier 1 – First share on account remains 750 CF/Share and Remaining shares 150 CF/Share. \$0.65 per hcf**
- **Allotment Tier 2 – 150 CF/Share all shares after Tier 1 \$5.27 per hcf.**
- **Tier 3 Overage- No Allotment \$11.00 per hcf**