

**SHEEP CREEK WATER COMPANY**  
**REGULAR BOARD OF DIRECTORS MEETING MINUTES**  
*June 20, 2023 ~ 6:00 PM*  
**SHEEP CREEK WATER COMPANY**  
**4200 Sunnyslope Rd., Phelan, CA 92371**

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**Meeting Minutes**

- 1) **Open Meeting-** 6:00 PM
  - i. Flag Salute
  - ii. Invocation
  - a. The Regular Board of Directors Meeting of June 20, 2023, was called to order at 6:02 PM by President Andy General Manager Joseph Tapia led the Pledge of Allegiance. Director David Nilsen led the Invocation.
  - b. Directors Present:
    - Andy Zody is in attendance as Presiding President.
    - Luanne Uhl is in attendance as Vice 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.
  - c. Guests Present: None
  - d. Staff Present: General Manager Joseph Tapia and Therese Rodriguez, General Manager Assistant, were present.
  
- 2) **Consent Motions**
  - a. Minutes:
    - i. *Annual Shareholders Meeting- May 6, 2023*
      1. *Correction on the Annual Shareholder meeting notes will be corrected under the Future Share Program.*
    - ii. *Regular Board of Directors Meeting- May 16, 2023*
  - b. Bills:
    - i. *May 16, 2023, through June 20, 2023*
  - c. Managers' Report: Included in Board Packet

Nilsen moved to accept the Consent Motions presented. 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 and to help the accuracy of meeting minutes.

Nilsen would like to agendize a meeting with the Sheep Creek Attorney regarding legal matters.

Nilsen would like to agendize a meeting with the Sheep Creek Attorney regarding Steinman property and CEQA and the Joshua Trees.

Nilsen would like to discuss the 30 meters and the Office staff knowing the moratorium order is over and the corrective order is still active. Prioritize how we sell meters, first-come-first serve. When the moratorium started, the Office Staff started a list of people who are interested in meters. The office staff is calling each person on the list and crossing off those who are no longer interested. Zody recommends sending a confirmation letter.

Nilsen updated with information regarding the Master Plan with Ardurra.

Nilsen stipend used to support the local FFA and 4-H animals for the crew (not his personal use).

Williams would like to agendize billing and water usage tracking system. The Goal is to have information by the 2024 Shareholders meeting with costs.

Zody is digitizing the Sheep Creek Water Company Bylaws into a Word Document.

Zody reported he was contacted by Central States Water Resources, requesting a meeting with the SCWC Board to present how Central States acquires independent water companies.

#### 4) **Old Business**

*Action Items:*

a. **Future Shares Program Summary Plan**

*Information Items: Williams presented Future Share Program outlining 4 bullets to determine the current value of each share.*

*The value of shares purchased from shareholders will be determined based on current market value. The value will be determined by the following:*

1. *Average of sold shares in the last three months; three shares must have been sold to determine the value. \*This includes any transferred shares in real estate transactions.*  
*Or,*
2. *Average of sold shares in the past six months; three shares must have been sold to determine the value. \*This includes any transferred shares in real estate transactions.*  
*Or,*
3. *The most recently appraised value of the company is divided by 8,000 shares.*  
*Or,*
4. *The Board of Directors will determine value.*

*\*Transfer of Share with the sale of the house – “For Value” needs to be listed at the current market price during Escrow.*

Luanne motioned to approve the Future Share Program Value of Shares. Nilsen seconded the motion.

Motion carried 5 yes, 0 no

- a. System Update
  - a. See Appendix
- 5) Robert's Rules of Order Committee
  - a. Committee: Jennifer Connor, Kellie Williams, Dave Nilsen
  - b. Review of Robert's Rules of Order for the board to review and update.
    - i. Discussion followed.
    - ii. Professional Development for the Board, good meetings.
- 6) **New Business**
  - Action Items:*
    - a. Account 1208
      - i. Board Reviewed, proof and evidence provided.
      - ii. Nilsen motion to support Account 1208 with Tier 2 rate and possible payment plan in place. York seconded the motion.
      - iii. Motion Carried 5 yes, 0 no
    - b. New Work Truck
      - i. General Manager has quotes to replace the truck the company surplus over a year ago. The staff shares one truck to fix lines, read meters, do errands, etc.
      - ii. Nilsen motion to purchase a work truck not to exceed \$66,000 plus tax and license. Uhl seconded the motion.
      - iii. Motion Carried 5 yes, 0 no
    - c. Yucca Terrace Property CEQA
      - i. Retainer of \$11,000
      - ii. Uhl motion to move forward with the CEQA on Yucca Terrace. Nilsen seconded the motion.
      - iii. Motion Carried 5 yes, 0 no
- 7) **Next Scheduled Meeting**
  - a. July 18, 2023
- 8) **Closed Session**
  - a. none
- 9) **Adjournment**
  - a. Uhl motioned to adjourn the meeting, York seconded the motion.
  - b. Motion Carried 5 yes, 0 no
  - c. Meeting adjourned 7:25 pm

*Addendum:*

Andy Zody was on vacation the week of June 12, 2023. On Thursday June 15, 2023 a voice mail was received from Central States Water Resources (CSWR) stating they found Andy Zody's contact information on the Sheep Creek Water Company website and as President of the Board of Directors wanted to know if the Sheep Creek Water Company Board of Directors would be open to meeting with CSWR where they can provide a 45 minute presentation on how they acquire privately owned water utilities.

I never heard about or had any contact with this firm prior to receiving a voice mail from them.  
Andy Zody

Respectfully Submitted,

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

Appendix A:

### **PRODUCTION**

- May Production- 49.59 AF; 2023 Year to Date Production- 194.90
- May Meter Service Usage- 42.52 AF; 2023 Year to Date Consumption- 150.62

### **Well soundings, 2023:**

- Static Water Levels compared May 2022 to May 2023:

**Well 2A** static level is up 24.41 feet – Water Level 250.90

**Well 3A** static level is up 23.10 feet – Water Level 256.72

**Well 4A** static level is up 16.93 feet – Water Level 275.20

**Well 5** static level is up 23.10 feet – Water Level 262.92

**Well 8** currently in rehab

**Well 11** static level down 2 feet – Water Level 949’

**Tunnel** the Tunnel flow is currently averaging 184

- Well 2A running an average of 2 hours a day. Ran for 2 days.
- Well 3A running an average of 11 hours a day. Ran for 30 days.
- Well 4A running an average of 1.9 hour a day. Ran for 2 day.
- Well 5 running an average of 2 hour a day. Ran for 2 days.
- Well 8 running an average of 1.1 hours a day. Ran for 2 days.
- Well 11 running an average of 1.1 hours a day. Ran for 2 day.
- Total pumping capacity as of May 2023 is 2,253 gpm.
- Current usage is averaging 446,000 gallons per day, 310 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-May 2023**

- Work orders as office requests
- Well soundings – weekly
- Well samples- weekly
- 11- Meter upgrades
- 0-Mainline leaks / 1- service line leaks
- Installed 2 new meters
- Well 13 prepping, digging over flow pond
- 2 service line replacements on Monte Vista
- Pump Check came out and tested flow meters on wells