

**SHEEP CREEK WATER COMPANY**  
**REGULAR BOARD OF DIRECTORS MEETING**  
*July 23, 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.

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***Meeting Minutes***

**1) Open Meeting- 6:00 PM**

- a. The Regular Board of Directors Meeting of July 23, 2024, was called to order at 6:03 PM by President Andy Zody. Secretary/Treasurer Kellie Williams 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. Peter Barnes
- 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- June 18, 2024*
- b. Bills:
  - a. *June 18, 2024 through July 23, 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.

Motion passed

- 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.

David Nilsen would like to add an agenda item for the next meeting:

Well #11 – have the management team look into the possibility to increase the amount of water we can take out of Well #11 (replace older pipe or draw water from another pressure zone). The goal is to utilize Well #11 at the 200-250 GPM for a longer period of time. The Well is works, I only suggest we look into pumping water to be consistent. It is suggested the Management Team prepare a presentation for the next board meeting to discuss Well #11. On a last note, Mr. Nilsen reminded us it is part of the master plan.

Peter Barnes notified the Board he has filed for dismissal of his lawsuit today because he is satisfied with the new water allocation. He stated his intention to run for the board and filling the said lawsuit was about having a water allocation to treat shares equally. Because he is satisfied, he notified SCWC lawyers and gave the board copies of his dismissal to the pending lawsuit. Peter also added he is on board with everything else the company is doing, and he brought an olive branch from his yard and gave it to the board. Peter continued and stated he has developed some quivers in his arrow, but he is content to put them aside and thinks we are probably working towards the same goal and support what we are doing with the company. He would like to put an end to negativity, but he's not going to change the tone on some things that he writes on his website. On a last note, Mr. Barnes stated he is on board with the proposal about the protection of the water tanks. He understands money is not falling out of trees, but our water tanks are a huge asset for this company.

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

##### *Information Items:*

- a. System Update
  - a. See Mangers Report below
  - b. Well #13 – waiting on an electrical permit from the county. And once the VFD drives are installed Edison will come install the poles.
  - c. Zody asked about GPM in the tunnel, wasn't it up to 277 GPM? Tapia stated it the tunnel was producing 247 GPM last month.
  - d. Nilsen stated SCWC produced 2,336 GPM (average) in June. And we are using 320 GPM (average), Therefore, Nilsen, does not see how the State can say SCWC has a production problem (referring to the corrective order). Once Well #13 is online and all water samples have been completed, SCWC will produce a letter to the state to end the correction order.
  - e. Nilsen asked if we found any copper or lead pipes to into the houses – No, thank God for that.
  - f. Barnes asked if we are asking the State for us to not drill another Well. Short answer – Yes, because we are producing enough with the two backup Wells to mee the 500-600 GPM requirement.
- b. Increase Base Rate Due to Litigation Costs
  - a. Nilsen motion to Table the Item indefinitely – increase base rate due to litigation costs. York second the motion.

Because the litigation with Mr. Barnes has been filed for dismissal, we believe our litigation costs will drop. However, SCWC still has lawyer and

legal expenses with the State and to end the case with Mr. Barnes. The management team will continue to monitor and review legal expenses.

Motioned passed 5 yes, 0 no

c. Co-Bank Rates-Discussion

Discussion regarding interest rates is on the decline and the need for additional funding if we need to drill another Well. Locking in a line of credit is a good idea currently. SCWC also needs to consider removing the Joshua Trees of one of our potentials Well sites on Beakley Rd., Take Permit.

Zody would like to pause on locking in the variable rate note due to his perception rates will go down. We will continue to pay down our note. Verbal agreement from the Board.

a. Discontinuation of Water Service for Non-Payment Policy

Uhl motioned for the policy and procedures for the nonpayment policy. Williams second the motion.

Motioned passed 5 yes, 0 no

5) **New Business**

*Action Items:*

a. Account 1026

a. Nilsen motioned to approve Account 1026 to pay in Tier 2. York second the motion. Discussion followed with proof of pictures and proof the leak has been fixed.

6) **Next Scheduled Meeting**

a. August 27, 2024

7) **Closed Session**

a. Legal Counsel-Lawsuit

8) **Open Session 6:53 PM**

a. Williams read the following questions from Mr. Barnes with SCWC responses:

Are all of these legal expenses from this calendar year, January to June 2024? – **NO**

Then we have his follow up:

-If not, do these legal expenses include the legal costs involved in the letter sent to the SWRCB at the end of 2023? **YES**

What are the total legal expenses for SCWC this calendar year, January to June 2024? for the period January through June 2024 the legal fees are **\$127,939.98**

In 2022 Legal budget is **\$20,000** Total legal fees **\$52,157** (Difference vs budget) \$ **-32,157**

In 2023 Legal budget is **\$20,000** Total legal fees **\$165,755** (Difference vs budget) \$ **-145,755**

In 2024 Legal budget is \$ 80,000 Total legal fees **as of June 2024 \$127,939** (Difference vs budget) **\$-47,939 (As of June 2024)**

**9) Adjournment - 7:55 PM**

Nilsen made a motion to adjourn at 7:55 PM and UHL second the motion.

Motion carried 5 yes and 0 no

Respectfully Submitted,

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