

***SHEEP CREEK WATER COMPANY***  
***Regular Board of Directors Meeting***  
***November 19, 2020 ~ 6:30 pm***  
***Sheep Creek Water Company ~ Board Room, via Zoom***  
***4200 Sunnyslope Rd., Phelan, CA 92371***

The Regular Board of Directors Meeting of November 19, 2020, was called to order by Andy Zody at 6:30 pm. Chris Cumming led in the Pledge of Allegiance and David Nilsen led in the Invocation. Mr. Zody reminded everyone present and via Zoom, that the meeting was being recorded for accurate meeting minutes.

**Directors Present:** Directors present at tonight's meeting were, Board President Andy Zody, Secretary/Treasurer Kellie Williams, Director David Nilsen and Director Luanne Uhl via Zoom.

**Staff Present:** General Manager Chris Cummings was present.

**Guests Present:** Scott Roth and Michael Palecki were guests via Zoom.

**Consent Motions:**

***Regular Board of Directors Meeting*** – October 15, 2020

***Bills*** – October 15, 2020 through November 19, 2020

***Manager's Report*** – October 15, 2020

David Nilsen moved to accept the Consent Motions as presented. Kellie Williams seconded the motion. Motion carried.

**Open Forum:** *Under this item, any member of the Board of Director's or the Public may address the Board on any item relating to the company that is not listed on this agenda. However, the Board is prohibited under AV240 from taking any action on an item not appearing on the agenda. The Board President will call on each participant. At that time, they will have three (3) minutes to speak.*

David Nilsen suggested meeting with the SWRCB to ask for more time and discuss the moratorium, since Sheep Creek is working with the CSD on the possibility of consolidating.

**Old Business**

***System Update:*** Static Water levels have had an average increase of 2-14 feet. Wells 3A and Well 5 are running daily, averaging 6 to 8 hours a day. Water usage is averaging 440,000 gallons per day. The Tunnel is averaging 133 gallons per minute. Total pumping capacity is 1,940 gallons per day. Valves and fire hydrant replacement project was completed at Yucca Terrace and Valle Vista with 4 more locations being planned.

IEC has submitted a draft of the Asset Management Plan. A copy was sent to the SWRCB to comply with the November 30<sup>th</sup> deadline. A conference call will be scheduled in early December to review and discuss any comments on the plan with IEC.

***PPHCSD Consolidation Update:*** Chris reported that he had the monthly conference call with the SWRCB, DDW and DFA, IEC and our TA provider, Sacramento State. At this time, IEC will be presenting a proposal for the engineering on the project and Sac State and DFA will review and should approve and contract with IEC. The engineering and application process are expected to take approximately nine months and then the package will be submitted to DFA for

review. DFA approval can take up to 12 months. Mr. Bartz and Chris discussed the urgency of the project due to the compliance schedule and Shareholder approval.

Chris spoke with Hector with the DDW, regarding the concerns for compliance and will be setting up a conference call with DDW and the Board in December. DDW is monitoring the progress and has recommended that we continue moving forward with the technical assistance rather than investing in multiple wells. We should also have some information to bring to the Shareholders for the Annual Shareholders Meeting in May. Hector understands that we need to know by summer of 2021, what route we are taking and whether we need to begin drilling.

### **New Business**

**2021 Annual Operating Budget:** Chris presented the 2021 operations budget which is similar to 2020. Usage is based on 2019 and 2020 usage. With the well production remaining consistent and not seeing additional increase, allotments are recommended to remain the same. With allotments not changing water use within the 3 Tiers is estimated to remain the same.

The total estimated revenues for 2021 are 1.314 million dollars. The revenues will be used for regular operations of the company and to fund the 4 reserve accounts.

- The Well Account income is estimated at \$96,000 which includes well maintenance and rehab of existing wells along with MWA replacement fees for Well 11.
- The System Upgrade Account has a fixed income of \$45,000 which is used for replacement and upgrades in the system.
- The Assessment Account is estimated at \$124,000 which includes the repayment of the CoBank Well 11 loan. A reserve amount also must be maintained in the account for the line of credit for the Source Capacity Project.
- The Capital Improvement Account is estimated at \$93,000 which includes funds for large and new installations or projects.

Expenses are estimated to remain similar to 2020. During early 2021 the loan for the Skip Loader will be paid in full and those funds will be carried over to the Ford ½ ton to pay that truck loan in full by fall 2021.

David Nilsen move to accept the 2021 Annual Operating Budget as presented by Chris Cummings. Luanne Uhl seconded the motion. Motion carried.

**Next Scheduled Meeting:** December 17, 2020 via Zoom

**Adjournment:** David Nilsen moved to adjourn the meeting. Luanne seconded the motion. Motion carried. The Regular Board of Directors meeting of November 19, 2020 was adjourned at 7:00pm.

**Respectfully Submitted,**

***Kellie Williams***

Secretary/Treasurer

Sheep Creek Water Company ~ Board of Directors