

SHEEP CREEK WATER COMPANY
Regular Board of Directors Meeting
December 5, 2019 ~ 6:30 PM
Sheep Creek Water Company ~ Board Room
4200 Sunnyslope Road, Phelan, CA 92371

The Regular Board of Directors Meeting of December 5, 2019, was called to order by Vice President Bob Howard, at 6:31 PM. Tonight's meeting was held at the office of Sheep Creek Water Company, located at 4200 Sunnyslope Road.

Tonight's *Pledge of Allegiance* was led by Luanne Uhl. The *Invocation* was led by David Nilsen.

Directors Present: Director's present at tonight's meeting were, Vice President Bob Howard, Secretary/Treasurer Kellie Williams, along with Director's Luanne Uhl and David Nilsen. Andy Zody was present via speaker phone.

Guests Present: Mr. Richard Austin was present at tonight's meeting.

Staff Present: Manager Chris Cummings was present, along with Administrative Secretary April Chaplin.

Consent Motions: Kellie Williams moved to accept the Consent Motions as presented. Luanne Uhl seconded the motion. Motion carried.

Open Forum: Mr. Howard explained that under this item any member of the Board or Public may address the Board on items not on the Agenda. However, under Ab 240 the Board is prohibited on taking any action on an item not appearing on the agenda.

Mr. Nilsen stated that he felt that Sheep Creek Water Company's main focus should be on drilling well's to become Compliant with the State of California.

Old Business

a.) System Update ~ Static water levels have had a slight increase. Water levels compared to one year ago, are an average of 18 – 27 feet higher than this time last year. Well's 2A and 8 are running between 4-10 hours a day with usage averaging .4 million gallons per day. The current pumping capacity is 1,344 gallons per minute, with the Tunnel averaging 125 gallons per minute.

b.) SWRCB Compliance Order ~ Sheep Creek has not had a reply back from the SWRCB regarding the Notification or the Corrective Action for Sheep Creek. A meeting has been requested with the State Water Board to discuss Sheep Creek's action for compliance. Chris spoke with Hector last week regarding a requested meeting. Hector is going to get back with a date that both he and Eric are available to discuss Sheep Creek's plans for moving forward. Hector stated that the timeline that was presented to the State will be adjusted accordingly once the new compliance order is submitted.

c.) Source Capacity Project Update ~ Chris reported that there is a minimal update at this time for the Source Capacity Project. The initial study is in progress. Tom Dodson is in contact with San Bernardino County Land use Services to be the Lead Agency on the project. The line of credit will be up to \$4,000,000. Interest rates will be between 3.55 – 4.25 percent, based on the terms.

d.) 2020 Operating Budget 2020 ~ Chris explained that the budget is for operations only. Water use estimates are based on similar usages of 2019. Estimated income is \$1,353,000 which includes:

(1.) *The additional base rate for the Well 11 loan which is estimated at \$71,000.*

(2.) Well maintenance funds estimated at \$72,000 which also pay the Well 2A Shareholder Loan

(3.) Estimated Mojave Water Agency replacement obligation funds.

(4.) Tier 3 Assessment funds estimated at \$123,164 to be used for the Source Capacity Project and the Well 11 loan.

(5.) Tier 3 Capital Improvement funds estimated at \$91,000 to be used for the Source Capacity Project.

Mr. Nilsen publically thanked Chris for working so hard on the budget. Andy Zody moved to accept the 2020 Operations Budget as presented. Kellie Williams seconded the motion. Motion carried. The 2020 Budget was approved.

The Budget reflects an increase in legal and engineering fees due to the SWRCB Compliance order possible requirements. A recommendation to include a COLA of 1% has been included. The 1% is a reduction from past COLA's.

New Business:

a.) Shareholders Loans

Kellie Williams and David Nilsen removed themselves from the meeting for the Board to discuss the Shareholder Loans.

Chris Cummings reported that CoBank had sent a "Terms and Conditions" for a line of credit, which will be used for the Source Capacity Project. They have required that in order for Sheep Creek to borrow funds through CoBank, they would need to be holder of the existing Shareholder Loans. Along with ownership of the loans, the bank will be lienholder for the Sunnyslope property. The new loan for the two existing Shareholder Loans will have a lower interest rate of 3.5% and the term will remain at four years which is the current remaining term.

Chris Cummings recommended that the Board approve to proceed with funding through CoBank and pay the two existing Shareholder Loans off at a new rate of 3.5% for a term of four years. Luanne Uhl moved to accept CoBank's terms of a loan. Andy Zody seconded the motion. Motion carried.

Scheduled Meetings:

a.) January 23, 2020- Regular Board of Directors Meeting

Chris stated that future Board of Directors meetings are all scheduled with the school district through June 2020.

Adjournment: Luanne Uhl moved to adjourn the meeting. Bob Howard seconded the motion. Motion carried. The Sheep Creek Water Company Regular Board of Directors Meeting of December 5, 2019, adjourned at 7:20 PM.

Respectfully Submitted,

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

12/5/2019 KW:agc