

SHEEP CREEK WATER COMPANY
Regular Board of Directors Meeting
February 17, 2022 ~ 6:00pm
Sheep Creek Water Company ~ Board Room via Zoom
4200 Sunnyslope Road, Phelan, CA 92371

The Regular Board of Directors Meeting of February 17, 2022, was called to order at 6:00 pm by Andy Zody. Chris Cummings led in the Pledge of Allegiance and David Nilsen led in the Invocation. Mr. Zody reminded all present that the meeting was being recorded for accurate minutes.

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

Staff Present: Chris Cummings was present.

Consent Motions

Minutes: Regular Board of Directors Meeting ~ January 20, 2022

Bills: January 20, 2022 through February 17, 2022

Manager's Report: February 17, 2022

David Nilsen moved to accept the Consent Motions as presented. Luanne Uhl seconded the motion. Motion carried.

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. The Board President will call on each participant and at that time, you will have three (3) minutes to speak.*

David Nilsen asked Chris to look into funding and Grant Programs in case the consolidation does not go through. He also suggested an increase of Tier 3.

Old Business:

a.) System Update: Over the past month, static water levels have remained the same. Well levels continue to be monitored weekly and reported to the State Water Board. Well #8 is currently running an average of twelve hours a day. Well #11 will be put back online in the next couple of weeks. Water Usage has slightly increased and is averaging 415,000 thousand gallons per day. The Tunnel is flowing at 140 gallons per minute. Total pumping capacity is at 1,846 gallons per minute. There are two additional fire hydrant replacement jobs that have been scheduled.

b.) PPHCSD Consolidation Update: The Draft Consolidation Agreement has been sent back to PPHCSD. We are still waiting for their response back from their attorney. The Agreement has also been sent to our legal team for review and comments. Sheep Creek should receive a response later this month.

The Water Rights analyst has been updated with the legal opinion by the water rights attorney. The report was sent to DFA for additional review and comment. During our last update meeting, DFA is currently reviewing all legal options for funding. They will have a report in the next few months. With the updated analyst and legal opinion, Sheep Creek's, Water Right is secure and must be transferred as a whole.

Hydraulic analysis and computer modeling of the system has been completed. Both Sheep Creek and PPHCSD's model has been integrated with location of possible connections. Connections being looked at are also location to help increase fire flow in the system.

c.) *Source Capacity Project:* Chris has prepared updated estimates for the source capacity project. Wells 12 & 13 have an estimated increase in cost of \$746,500 with wells #14 & #15 increased approximately \$539,000.

New Business:

a.) *2022 Annual Shareholders Meeting:* Agenda is for review only. The possible sale of SCWC Water Rights, is contingent on State Funding and Consolidation. Consolidation of SCWC into PPHCSD, is contingent on State funding and approval. If consolidation fails then the Source Capacity Project will need to be paid back and new wells will need to be drilled.

The 2022 Proxy form has changed to reflect meeting date and the expiration date has been extended to 2024.

Next Scheduled Meetings:

- a.) *March 17, 2022 via Zoom***
- b.) *April 7, 2022 via Zoom***
- c.) *April 21, 2022 via Zoom***
- d.) *May 5, 2022 via Zoom***
- e.) *May 14, 2022 ~ Annual Shareholder Meeting***

Adjournment: Luanne Uhl moved to adjourn the meeting. Kellie Williams seconded the motion. Motion carried.

The Regular Board of Directors Meeting of February 17, 2022, was adjourned at 6:42pm.

Closed Session: 6:42 – 6:52 No Action

Respectfully Submitted,

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