

SHEEP CREEK WATER COMPANY
Regular Board of Directors Meeting
February 20, 2020 ~ 6:30 PM
Snowline School District ~ Board Room
4200 Sunnyslope Road, Phelan, CA 92371

The Regular Board of Directors Meeting of February 20, 2020, was called to order by President Andy Zody, at 6:30 PM. General Manager, Chris Cummings led in the Pledge of Allegiance. Invocation was led by Director David Nilsen. Mr. Zody reminded everyone present that the meeting was being recorded to insure accuracy of the minutes.

Directors Present: President Andy Zody and Directors Luanne Uhl and David Nilsen were present at tonight's meeting.

Staff Present: General Manager Chris Cummings and Administrative Secretary April Chaplin were present.

Guests Present: The guests that signed in at tonight's meeting were Shareholder Diane Hayball, Michael Palecki of the Mountaineer Progress, Don Fish of the News Plus, Shareholder Kathy Everhart, Board Members with PPHCSD Charlie Johnson and Deborah Philips, along Yasha Philips.

Consent Motions: Minutes of January 23, 2020
Bills of January 23, 2020 through February 20, 2020
Manager's Report

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

Open Forum: Kathy Everhart presented a letter to the Board requesting reports and updated studies. A copy of her request was given to the General Manager, Board of Directors and Staff. She also requested a meeting with the State Water Resources Control Board and with PPHCSD.

OLD BUSINESS

a.) System Update: The General Manager reported that static water levels have not had any change. Pumping levels have come up a few feet.

Water levels compared to one year ago are an average of 12-23 feet higher than this time last year.

Well 5 is running an average of six days a week, 8 to 16 hours a day. With usage averaging .35 mgd.

Current available pumping capacity is 1,830 gpm, with the Tunnel averaging 123 gpm.

Tank #8 was cleaned and inspected. Gauge boards and level indicators were replaced on 5 of the tanks which included replacing the floats and cables on the inside of the tanks.

Additional automated controls have been added to Well #11 to allow us to better control the running of the well. Since the well is not pumping into a tank, the well will run based on system pressures and demand. Water level is monitored continuously when the well is on or off. The well will be set to run automatically with a set schedule and be shut off during peak electric times.

b.) State Water Resource Control Board: There are no updates at this time with the SWRCB, nor an updated compliance order.

c.) Source Capacity Project: At this time, we are waiting for one more property owner to complete the purchase agreement before the CEQA documents can be submitted and published. We received the signed contract for one of the potential well sites. Plot plans have been completed for three well properties and will be included into the CEQA documents once

completed. The General Manger of Sheep Creek Water Company will be meeting with another well contractor, possibly next week to discuss the wells that need to be drilled.

NEW BUSINESS

a.) Board Meeting Policy: Mr. Cummings reported that as time permits, the Policy and Procedures of the Sheep Creek Water Company will be updated and new policies added as necessary. With the continued higher community participation at the Board Meetings there is some need to add or update policies regarding Board meetings and Board interaction with the community. The Manager added that a new policy has been prepared regarding Open Forum, community comments and questions during the agenda items. The new policy will allow Shareholders and the community members to speak freely during the Open Forum uninterrupted for up to 3 minutes and it allows the chairmen of the meeting to extend time if necessary. Answers to Open Forum questions should only be limited or not answered at all due to the discussions not being on the agenda. If questions asked, the answers should be facts only and opinions should be left out since they do not represent the Board as a whole. Board members should avoid any confrontation with the community during Open Forum and allow the Shareholders and community members to speak. The Board should present themselves in a professional manner to help alleviate some of the tensions between the Water Company and the Community.

David Nilsen moved to approve the New Board Policy regarding Open Forum and Community Comments as presented by Chris Cummings. Luanne Uhl seconded the motion. Motion carried.

b.) Annual Shareholder Meeting:

i) Agenda: At this time there is only one "New Business" item. There are four repayment options for the Source Capacity Project. The following options may be presented at the Annual Shareholder Meeting in May. The options are:

- 1.) Assessment - \$20 per Share / 2 times a year, for 20 years.
- 2.) \$21. Base Rate Increase per Month for 20 Years (equals .70 per day)
- 3.) Water Rate Increase of \$1.85 per hundred cubic feet (hcf) for all Tiers for 20 Years.
- 4.) Split Assessment/Base Rate Increase - \$25 per share, per year, plus \$12 monthly Base Rate increase for 15 years.

Director Nilsen recommended that the wording for option 2 be rearranged. No approval was made on this item and will be brought back at the next Board Meeting on March 12, 2020.

ii) Proxy: The Proxy form was presented for approval with the return date for the proxy updated to Thursday May 14, 2020 and must be turned into the office by 4:30 PM. The expiration date has also been updated to June 2023. Once the form is approved, it will be available at the office and also online for use.

Luanne Uhl moved to accept the updated Proxy form as presented by Chris Cummings. David Nilsen seconded the motion. Motion carried.

iii) Additional Well Site Property: The Manager has been working with a property owner to purchase an additional well site for the Source Capacity Project. The property owner purchased a meter service for the property in 2006 and has not had the service installed. The property owner has requested as part of the purchase to reimburse the cost of the meter service. The cost to purchase the property is \$15,000 plus reimbursement of the meter service at \$10,750. The total cost of the property will be \$27,750. Upon approval, to purchase the property, it is

recommended to begin the CEQA documents, after the completion of the transaction. The funds will come from both the Assessment and Capital Improvement fees.

David Nilsen moved to purchase the Property and begin the CEQA as presented by Chris Cummings. Luanne Uhl seconded the motion. Motion carried.

Next Scheduled Meetings:

March 12, 2020 Regular Board of Directors Meeting

April 16, 2020 Regular Board of Directors Meeting

May 7, 2020 Regular Board of Directors Meeting

Adjournment: Andy Zody moved to adjourn the meeting. David Nilsen seconded the motion. Motion carried. The Regular Board of Directors meeting of February 20, 2020 was adjourned at 6:48 PM.

Closed Session: The Board moved into closed session at 6:51 pm. Closed Session was adjourned at 7:03 pm

Respectfully Submitted,

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