

SIERRA PARK WATER COMPANY, INC.

ANNUAL SHAREHOLDER MEETING MINUTES MAY 24, 2015

Shareholder Registration occurred from 7:30 to 8:45 a.m.

The meeting was called to order by Kirk Knudsen, President at 12:21 p.m.

Pledge of Allegiance - Michael Lechner

Invocation - Ray Coyle

Confirmation of Quorum - Wanda Lenhardt, Secretary. A quorum existed with 96 shareholders either present or represented by proxy from a possible 186 shareholders.

Kirk Knudsen welcomed everyone to the meeting and introduced the Board of Directors in attendance, Michael Lechner and Wanda Lenhardt. Bill and Heidi Ordwein, also board members, were not present. Kirk extended a special thanks to Marianne Gennis who has been instrumental in maintaining the website.

President's Message -

The California Water Board visited the Park earlier this year and inspected our system. Their assessment at the end of the visit was that the SPWC is technically sound, financially sound and a responsible Water Company.

Manganese levels within the Park's system are elevated but non-threatening to consumers. The water may be discolored and at times the manganese can affect the taste of the water. The Board of Directors is currently exploring options for manganese management.

Property owners need to obtain special hose bibbs to deal with backflow issues. The SPWC has purchased hose bibbs and is in the process of distributing them.

The SPWC water supply is remaining strong despite the current drought conditions within the State. It is important that everyone conserve water as there is no way to anticipate how long the drought will continue.

Director Reports -

Michael Lechner, Vice President explained the voting procedures.

Wanda Lenhardt, Secretary, asked property owners to provide email addresses to be used for newsletter distribution and other communications. Reducing United States Postal Service mail saves the SPWC money.

Human Resources: Kirk Knudsen presented information for Heidi Ordwein. A new caretaker has been hired this year, John Marshall. He is doing a great job and his efforts are greatly appreciated.

Capital Improvements: Kirk Knudsen presented information for Bill Ordwein. The Park will be divided into segments to reduce the impact of water shut-offs to non-impacted areas. Fire Hydrants are being installed at the same time.

Treasurer: Michael Lechner presented the treasurer's report for Bill Ordwein. He reviewed the expenses and income from the 2014/2015 fiscal year. He then reviewed the 2015/2016 Budget. Yvonne Peter made a motion to pass the proposed 2015/2016 budget. Philip Barthman seconded the motion. Discussion was brief and the vote was taken.

The Board of Directors elections followed. Philip Barthman volunteered to run for the Board and was added to the ballot. The vote was taken.

The inspectors of the election reviewed the sign-in sheet, authenticated the voting process and counted the ballots while the meeting continued.

Presentation: Don provided information on manganese - what it is, its effects in water, and the levels of it in our system. The SPWC is working with the WRB to address and resolve the issue such that compliance is met. However, manganese removal is likely to be a very expensive proposition. As we learn more about what can be done and how much it might ultimately cost this information will be passed on.

Voting Results Presented:

The budget passed 83 in favor and 2 against.

Kirk Knudsen, Michael Lechner, Heidi Ordwein, Bill Ordwein, Wanda Lenhardt and Philip Barthman were voted onto the board.

Officers will be determined at the June 2015 Board Meeting and published in the June newsletter.

The meeting was adjourned.

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SIERRA PARK WATER COMPANY, INC.
BUDGET REPORT
FOR THE PERIOD ENDED
May 31, 2015

<u>REVENUE</u>	<u>TWELVE MONTHS</u>			<u>% OF BUDGET EXPENDED*</u>
	<u>ENDED 05/31/15</u>	<u>2014-2015 BUDGET</u>	<u>VARIANCE</u>	
WATER INCOME	\$ 258,083	\$ 282,874	\$ (24,791)	91.24%
WATER RESERVES	52,033	58,575	(6,542)	88.83%
TRANSFER FEES	1,700	-	1,700	
MISCELLANEOUS INCOME	4,988	2,202	2,786	226.52%
TOTAL REVENUE	316,804	343,651	(26,847)	92.19%
<u>ADMINISTRATION AND FEES</u>				
ACCOUNTING	16,548	16,500	48	100.29%
BANK CHARGES	50	-	50	
CREDIT CARD CHARGES	1,942	2,149	(207)	90.37%
EMPLOYEE BENEFITS	6,414	11,100	(4,686)	57.79%
EMPLOYEE PAYROLL	24,945	23,260	1,685	107.25%
EMPLOYER PAYROLL TAXES	3,853	5,152	(1,299)	74.78%
INSURANCE	22,116	27,516	(5,400)	80.38%
LEGAL CONSULTING	35,683	28,000	7,683	127.44%
MEMBER COMMUNICATION	1,305	4,000	(2,695)	32.63%
OFFICE SUPPLIES	1,506	-	1,506	
OUTSIDE SERVICES	1,909	-	1,909	
PROFESSIONAL SERVICES CONSULTING	817	9,634	(8,817)	8.48%
RENT	56	-	56	
SHOP SUPPLIES	141	-	141	
TAXES AND LICENSE	2,339	3,500	(1,161)	66.83%
MISCELLANEOUS	-	-	-	
WATER ADMIN CONSULTING	205	20,000	(19,795)	1.03%
FRANCHISE TAX EXPENSE	4,710	-	4,710	
INCOME TAX EXPENSE	8,680	-	8,680	
ADMINISTRATION AND FEES SUBTOTAL	133,220	150,811	(17,591)	88.34%
<u>OPERATION AND MAINTENANCE</u>				
EASEMENT - DISTRIBUTION SYSTEM	35,882	39,140	(3,258)	91.68%
EASEMENT LEASE FOR WELL	10,545	6,500	4,045	162.23%
EASEMENT LEASE FOR WATER TOWER	417	5,000	(4,583)	8.33%
MAINTAIN WATER SYSTEM	33,124	51,600	(18,476)	64.19%
MAINTAIN WATER SYSTEM - CAPITAL RESERVES	70,000	-	70,000	
RESERVES	23,981	50,000	(26,019)	47.96%
WATER EQUIPMENT MAINTENANCE	-	4,500	(4,500)	0.00%
WATER SUPPLIES	-	1,100	(1,100)	0.00%
WATER TANK CHECK VALVE	-	15,000	(15,000)	0.00%
WATER TESTING	2,985	8,000	(5,015)	37.31%
WATER UTILITIES	6,277	12,000	(5,723)	52.31%
OPERATION AND MAINTENANCE SUBTOTAL	183,211	192,840	(9,629)	95.01%
<u>REPAIR AND REPLACE</u>				
TANK REPAIRS	-	-	-	
WATER LINE REPLACEMENT	-	-	-	
WELL REHABILITATION	-	-	-	
REPAIR AND REPLACE SUBTOTAL	-	-	-	
TOTAL EXPENSES BEFORE DEPRECIATION	316,430	343,651	(27,221)	92.08%
DEPRECIATION	145	-	145	
TOTAL EXPENSES	316,576	343,651	(27,075)	92.12%
NET INCOME FROM OPERATIONS	\$ 229	\$ -	\$ 229	

CHECKING ACCOUNT \$ 13,878
CAPITAL IMPROVEMENT 23,981
GENERAL RESERVES 10,000