

SIERRA PARK WATER COMPANY, INC.

ANNUAL SHAREHOLDER MEETING MINUTES

MAY 28, 2017

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

The meeting was called to order by Kirk Knudsen, President at 8:43 am.

Pledge of Allegiance led by Kirk Knudsen.

Confirmation of Quorum - Wanda Lenhardt, Secretary. A quorum existed with 80 shareholders either present or represented by proxy from a possible 173 shareholders.

Kirk Knudsen welcomed everyone and introduced the Board Members in attendance, Bill Ordwein, Heidi Ordwein, Phil Barthman and Wanda Lenhardt. Kirk extended a special thanks to Marianne Gennis, who has been instrumental in maintaining the website.

Approval of Minutes from 2016 Annual Meeting - Noreen Coyle moved to approve the minutes as published. Bob Hintz seconded the motion, which was unanimously approved.

President's Message -

The CPUC regulates Sierra Park Water Company (SPWC) and has predetermined rates/billing for the year 2017/18. The annual bill will be the same as last year, \$545. Mandated quarterly refunds will continue. Kirk explained that some property owners are not cashing their checks; however, that does not help the Water Company. The funds from uncashed checks do not continue to accrue to SPWC, but instead are forfeited to the State General Fund; the Company incurs accounting costs while carrying the unpaid balance.

Director Reports -

Philip Barthman, Vice-President:

Phil thanked all Board members for the hours they spend working to make the Company run smoothly. Special thanks went to Bill Ordwein, who has donated many, many hours of unpaid time coordinating with the CPUC.

Wanda Lenhardt, Secretary:

Total stock shares are slightly lower this year, due to property sales/transfers and lot mergers.

Bill Ordwein, Treasurer:

Bill discussed the history and current status of improvements to the water system. A pre-CPUC project to isolate water lines has significantly reduced waterline breaks, and has minimized disruption to residents when a break does occur.

There are still two items left before SPWC obtains a completely-unencumbered license to operate: the determination of where SPWC offices are to be located, and defining rules for affiliate transactions between SPWC, the Services Company, and the Rec Association.

Bill noted that some property owners are not cashing their quarterly refund checks; however, that does not help the Water Company. The funds from uncashed checks do not continue to accrue to the Water Company, but instead are forfeited to the State General Fund; the Company incurs accounting costs while carrying the unpaid

balance. Michael Lechner stated that, per CPUC procedures, he had filed a petition with the CPUC to modify the original direction and allow owners to opt out of refunds, if desired. A ruling from the CPUC is still pending. The next refund checks will be issued in June.

Proposed water rates for 2017-18 and 2018-19 have been developed, and the Company will begin filing a general rate case with the CPUC in June. The proposed rates will reflect how the total number of lots has been reduced by a number of lot mergers. Quarterly billing would be helpful to SPWC accounting; Bill asked for a show of hands to indicate whether this proposed change would be acceptable to customers. Attendees approved, so a change to quarterly billing will also be part of the next rate case filed.

Heidi Ordwein, Human Resources:

John Marshall, is employed by the Water Company. He is now a Level II water operator; he is also qualified to handle water treatment, in preparation for potential future capital improvements.

Other Reports: Michael Nessler, Water Consultant:

Michael reviewed a summary of the engineering report by Blackwater Consulting Engineers. The full report is available on the SPWC website, www.sierraparkwater.com. As directed by the CPUC, Blackwater assessed the existing water system and also recommended improvements. Findings include:

- Manganese levels are higher than allowable, though the water is safe to drink.
- There is ample water capacity to meet our community's needs.
- There is ample *storage* for fire flow (water to fight a fire), but the *distribution system* is undersized. Larger pipes are now required by updated regulations.
- A way to monitor the wells and tanks remotely is recommended. This will help save water and use the system more efficiently.

Improvements required, and their approximate costs **per property over the next 20 years**, are as follows:

• Add filtration system to reduce manganese	\$141
• Install water meters, required by the CPUC by 2025	75
• Further analyze the fire flow system	7
• Upgrade the fire distribution system by upsizing the main line (further engineering work required to design this project).	479
• <u>Add remote monitors to tanks and wells</u>	<u>15</u>
Projected total in today's dollars	\$714

The manganese abatement project must be started promptly. Other projects will be spread over several years. All will be financed with low-interest loans, and the application process takes roughly one year; SPWC is developing a request for proposals, soliciting bids from firms with expertise in the funding application process.

Recommendations: Michael Nessler and the engineering report recommend doing two projects first, the manganese filtration system and the remote operational controls. The Board is exploring ways to reduce costs, such as having the caretaker do the work where possible.

Election of Board of Directors -

All members of the Board of Directors have agreed to serve in 2017-18. With no additional candidates coming forward and further discussion closed, the vote for Board of Director positions was called for. A motion to approve the existing Board of Directors to act for another year was made and seconded. It passed unanimously.

The meeting was adjourned at 10:24 am.