

SIERRA PARK WATER COMPANY, INC.

ANNUAL SHAREHOLDER MEETING MINUTES MAY 29, 2016

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

The meeting was called to order by Kirk Knudsen, President at 8:45 am.

Pledge of Allegiance led by Kirk Knudsen.

Confirmation of Quorum - Wanda Lenhardt, Secretary. A quorum existed with 107 shareholders either present or represented by proxy from a possible 185 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.

President's Message -

In February 2016 the CPUC issued its final decision, pending some revisions to the Water Company's filing. In April 2016 the CPUC confirmed that the Company's application was approved and SPWC is now a regulated utility. SPWC has continued to maintain a good relationship with the State Water Board, who oversees delivery of safe drinking water.

Director Reports -

Bill Ordwein, Treasurer:

The Company submitted to the CPUC an Advice Letter stating its policies and tariffs (rates). This was approved and the CPUC directed SPWC to move forward to collect unpaid bills, including those on undeveloped lots. Everyone with an unpaid balance was re-billed, with a notice that payment was due within 19 days of receipt; since this was a new process, the Company allowed an extra one month latitude.

If bills remained unpaid, a 10-day notice was sent out, including a warning that service would be shut off. The Company attempted to call owners, then posted notices on delinquent properties warning of impending shut-off. On May 28th water was shut off to 20 properties that still hadn't paid. To resume water service, customers must pay all back charges and may be charged a deposit of two additional months in advance. The deposit will be held as a cushion in case future payment is late. In the future, if payments remain outstanding, the Water Company has the ability to lien a property, turn the bill over to a collection agency, or foreclose on a property.

Some owners asked about the ability to opt out of refund payments. Bill explained the procedure for doing so includes filing a petition with the CPUC to modify the original decision. Michael Lechner will follow up with such a petition and will let owners know the outcome. The next refund checks will be issued in June.

During the coming year the Company will develop proposed water rates for 2017-18 and 2018-19 and submit them to the CPUC for approval.

Heidi Ordwein, Human Resources:

John Marshall is the caretaker for the Water Company. Since this is not a full-time position, he doubles as caretaker for the Services Company when he is not occupied

with water duties. John works Monday through Friday except in snowplow season. He has completed an inventory of all assets and equipment belonging to the Water Company. This year he has obtained his T-1 certificate; he is also qualified to handle water treatment, in preparation for potential future capital improvements.

Wanda Lenhardt, Secretary:

Due to the CPUC's extreme reduction of the communications budget, there will be no further hard copies of the newsletter mailed. Email copies will still be sent out.

Vice President, Phil Barthman:

Phil has been on the Board for one year now. He offered a tribute to Bill Ordwein and the other Board members for all their efforts in 2015-16.

Other Reports: Don Nessler, Water Consultant:

The Water Company's record-keeping has been revised to meet CPUC standards. The CPUC has also mandated a professional engineering study of the Park's water system to determine the need for and likely cost of future improvements. Requests for Proposals for this work were sent to five firms; two firms attended the pre-bid conference to get familiar with the system.

Our tanks, wells and aquifer are in good condition, clean and well-maintained, so firms will be looking at needed capital improvements. These may include:

- a manganese removal system, along with its cost and consequent effects on water rates;
- preparations for a fully metered system by 2025, as required, including a schedule for installation and associated costs;
- the potential for tanks and wells to communicate, which will save water and further protect the aquifer
- the ability to monitor wells remotely; and
- the need to increase fire flow by adding hydrants - how many, what size, and where to locate them.

The study will outline projects needed in the next several years. Projects will be spread over several years and financed with low-interest loans. All projects will be approved in advance by both the CPUC and the California Department of Drinking Water.

Approval of Minutes for 2014-15 Annual Meeting -

Phil Barthman moved to approve as published the minutes of last year's annual meeting. Clark Kellogg seconded the motion, which passed unanimously.

Election of Board of Directors -

All members of the Board of Directors have agreed to serve in 2016-17. With no additional candidates coming forward and further discussion closed, the vote for Board of Director positions was called for. Lawrence Adams made a motion to re-elect the existing Board of Directors for next year, and Ron Hawke seconded the motion, which then passed unanimously.

The meeting was adjourned at 9:59.