

SIERRA PARK WATER COMPANY, INC.

TO: Sierra Park Water Company, Inc. Shareholders
FROM: Kirk Knudsen, President
SUBJECT: May 27, 2018 Annual Meeting
DATE: April 27, 2018

Hello,

It's that time of year again! We are looking forward to seeing all of you at the Annual Meeting on May 27, 2018 at 8:30 am.

This year has brought us challenges. We have seen more than our average of breaks and repairs to our water system this year, but we have weathered through them thanks to the help of the community members who have stepped forward to assist along with water team members Bill Ordwein, Steve Wise and David Roy.

The Manganese levels in our water have remained higher than we would like and we are continuing to make plans in developing a Manganese Treatment system that will reduce the manganese levels in our water. Our team is working with Blackwater Engineering Consultants and Michael Nessler in submitting our bid for funding to help build the Manganese Treatment plant, SCADA equipment and software upgrades and other improvements required by the CPUC and Water Resource Board.

We are looking forward to seeing as many of you as possible. We recognize that not everyone can attend. If you cannot attend please fill out the Proxy form that is included in this year's Annual Meeting Packet and send it in so your voice can be heard. It is imperative that we have a quorum in order to vote on this next year's Board and possibly other matters. If we do not have a quorum, voting cannot occur.

Best regards!

Kirk Knudsen, President

NOTICE OF ANNUAL MEETING OF
SHAREHOLDERS OF
SIERRA PARK WATER COMPANY, INC.

Notice is given that the annual meeting of the shareholders of Sierra Park Services, Inc. (the "Corporation") will be held at the Recreation Hall located on Wheeler Road, Long Barn, California on May 27, 2018 at 8:30 am. Shareholder registration for the meeting will take place at the Recreation Hall from 7:30 to 8:30 am. To be considered and acted on will be:

1. Election of Directors. The board of directors of the Corporation (the "Board") intends at this time to present the following nominees for election by the shareholders to the Board:

Kirk Knudsen
Philip Barthman
Wanda Lenhardt
Bill Ordwein
Mark Meyers

2. Such other business as may be properly presented at the meeting for action by the shareholders. If you do not expect to be present at the meeting and wish your shares to be voted, you may complete the attached form of proxy and mail it in the enclosed addressed envelope.

Please note that the annual bills are determined by the CPUC and therefore the budget will not be voted on at the meeting. Budget information will be presented and discussed in the meeting.

Date: April 29, 2018

Sierra Park Water Company, Inc.

By: 

/Kirk Knudsen, President

AGENDA

SIERRA PARK WATER COMPANY, INC.

Annual Shareholder Meeting

May 27, 2018

- | | | |
|-------------|---|---------------------------------|
| 7:30 - 8:30 | Shareholder Registration | |
| 8:30 | Call to Order | Kirk Knudsen, President |
| | <ul style="list-style-type: none">• Pledge of Allegiance• Invocation | |
| 8:45 | Confirmation of Quorum | Wanda Lenhardt, Secretary |
| 8:50 | Welcome / Introductions
President's Message | Kirk Knudsen, President |
| 9:00 | Director Reports | |
| | <ul style="list-style-type: none">• Vice President | Philip Barthman |
| | <ul style="list-style-type: none"><ul style="list-style-type: none">○ Voting Procedures | |
| | <ul style="list-style-type: none">• Secretary | Wanda Lenhardt |
| | <ul style="list-style-type: none">• Human Resources | Heidi Ordwein (by Kirk Knudsen) |
| | <ul style="list-style-type: none">• Capital Improvements | Bill Ordwein |
| | <ul style="list-style-type: none">• Treasurer | Bill Ordwein |
| | <ul style="list-style-type: none"><ul style="list-style-type: none">○ 2017/2018 Financials○ 2018/2019 Budget | |
| 10:00 | Election of 2015/2016 Directors | |
| 1:10 | Manganese Status Report | Michael Nessler |
| 10:20 | Voting Results Presented | Inspectors of Election |
| 10:30 | Adjourn - The new board will meet to elect officers.
Officer for 2015/16 will be announced in the meeting minutes. | |

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.

**SIERRA PARK WATER COMPANY, INC.
2018 PROXY**

The undersigned shareholder of Sierra Park Water Company, Inc., a California corporation (the "Water Company"), appoints _____ [Print Name] as proxy and attorney-in-fact, with full power of substitution, to represent the undersigned at the annual meeting of shareholders to be held on May 27, 2018, at 8:30 AM, at the Recreation Hall which is located on Wheeler Road, Long Barn, California and at any adjournment of that meeting, and to vote all shares of stock that the undersigned would be entitled to vote if personally present, on the matters and in accordance with any instructions set forth below.

The proxy holder shall be entitled to cast the number of votes the undersigned would be entitled to cast if personally present, for or against any proposal, including the election of members of the Board of Directors, and any and all other business that may come before the meeting.

Shareholder: if you wish to instruct the proxy holder regarding the voting of your shares, please check the appropriate boxes below and complete this form. With respect to election of directors, if you wish to withhold authority to vote for any individual nominee, draw a line through that nominee's name. Your shares will be voted in accordance with your instructions.

Any shareholder completing this proxy who fails to check any boxes or otherwise mark the proxy form will be deemed to have given the proxy holder complete discretion in voting with respect to the matters listed below.

1. Election of Directors:

FOR all nominees listed below except as indicated _____ (check)
WITHHOLD authority to vote for all nominees listed _____ (check)

NOMINEES

Kirk Knudsen _____
Phil Barthman _____
Bill Ordwein _____
Wanda Lenhardt _____
Mark Meyer _____

_____ Write-In

[Signature appears on following page]

[Signature page to Proxy]

Date: _____

By: _____ (Signature)

Print Name: _____

Title: _____ (See box below)

SHARE NUMBER(S) 211, 212, _____

Shareholder: this proxy should be marked, dated, and signed by the shareholder exactly as his or her name appears on the share certificate(s), and returned promptly to the Company. A corporation, limited liability company, trust or other entity, should sign its name by an officer, trustee or other authorized person, designating the title held.

YOUR NAME AS IT APPEARS ON YOUR STOCK CERTIFICATE(S) IS:

Charles P. Varvayanis

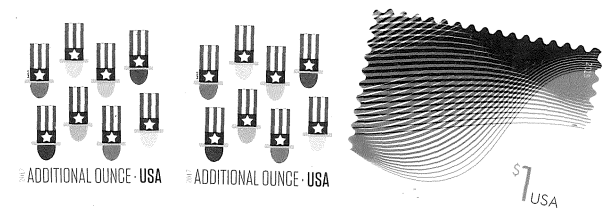
All proxies designated to current board members must be received by the Corporation at P.O. Box 424, Mi Wuk Village, California, 95346, no later than May 20, 2018.

Addressed return envelope provided for your convenience.

Sierra Park Water Co.
P.O. Box 424
MiWuk Village, CA 95346

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CHARLES P VARVAYANIS
PO BOX 395
LONG BARN, CA 95335

