

ANNUAL SHAREHOLDERS MEETING

Date: July 30, 2022 Time: 1:30 PM.

Location: Crestline Sanitation District, Meeting Room
24516 Lake Drive, Crestline, CA 92325

PRESENT:

President, Gilbert Flores
Vice President, Donald Pederson
Treasurer, Daniel Dobrescu
Secretary, Joseph Jackson
Director, Eric Stone

STAFF:

Chief Operator, Nathan Burwell
Office Administrator, Rosemarie Garcia
Customer Service Rep., Chrystal Hunter

- Introduction of Board and Staff in attendance.
- Director Stone leads the Pledge of Allegiance.

General Information

Director Flores reports the following:

- Currently the Company has 742 active Service Connections, with 22 active Fire Sprinkler connections.
- The Company has produced 15,593,928 gallons of water this last fiscal year (May 1, 2021 through April 30, 2022). We also purchased 10,048,898 gallons of supplemental water from CLAWA to satisfy demand, for a total of 25,642,826 gallons delivered to the system.
- There are 4,272 shares outstanding, in good standing, as of July 22, 2022.

Quorum and Share Count

- Company By-Laws dictate that *“A majority of the shares issued, outstanding, in good standing represented either in person or by proxy shall constitute a quorum for the transaction of business. Each shareholder shall be entitled to one vote for each share standing in his name on the books of the Company, whether represented in person or by proxy.”*
- The number of shares which must be represented in person or by proxy for a quorum to be achieved at this meeting is 2,137.

CEDARPINES PARK MUTUAL WATER COMPANY

- The number of shares represented in person and by proxy for this meeting as of 1:30 pm this day is 295.
- Because a quorum has not been achieved, no business may be transacted at this meeting.

A question and answer period was provided.

Financial Status

Director Flores reports that a full independent audit of the Company's financials has been performed for the fiscal year 2021/2022 by Eadie and Payne LLP. Ms. Eden Casareno provides a review of the audit report and annual financial statements to those in attendance. Copies of the annual financial statements and audit report have been made available to all of those in attendance, and may also be provided upon request at any time during the year.

A question and answer period was provided.

Legal Status

Director Flores reports that the Company is not currently engaged in any litigation, nor is the Company aware of any specific threat or potential for future litigation.

A question and answer period was provided.

Water Quality and Production Operations

1) Consumer Confidence Report.

Director Flores indicates that a copy of the current, previously mailed Consumer Confidence Report for calendar year 2021 has been made available to all of those in attendance, and may also be provided upon request at any time during the year. There were no water quality violations for 2021.

2) Lead Action Exceedance Level and Corrosion Control Study

Director Flores provides status on the Lead Action Exceedance Level activities. This relates to a mandate from the State Water Resources Control Board (SWRCB) in response to (2) out of (10) customer tap samples taken in September 2019, that tested for lead at a level (over 15 parts per billion), and which triggered a mandatory action by the State and the Company.

Director Flores clarifies that;

- There are no detectable amounts of lead in our community's water sources, or the water we deliver.
- We have no lead pipes, lead components or other detectable sources of lead within our water system.
- Some household samples (2 of 10) taken in 2019 tested positive for lead, at a level that we are required to investigate.

b) The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use.

c) The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system.

7.3: Any Shareholder found to be in violation of this section shall in the first instance receive written notice of violation and order to desist, shall subsequently have a penalty of \$50 imposed for each instance thereafter, and in case of willful and repeated violations may have their water service suspended indefinitely, at the discretion of the Board of Directors.

The State has imposed Level-1 (Jan. 2022, water use restrictions) and Level-2 (June 2022, assessment for shortage and reduction) restrictions for Urban Water Suppliers (3,000 or more customers), which we are not.

At the July 20th 2022 Board meeting, the Board of Directors has voted to temporarily suspend approval of any New Membership applications, until such time as the Board has a better understanding as to the impact of the current drought, as it relates to the availability of water to the Company.

A question and answer period was provided.

Capital Improvements

- We have completed a total interior and exterior rehabilitation of the Jobs Peak storage tank at a cost of \$58.6k. That's in addition to a total interior and exterior rehabilitation Ferncrest Tank#1 in October-2020 (\$114.9k), replacement of Ferncrest Tank#2 in April-2020 (\$225k), and rehabilitation of both Lover's-Lane tanks in 2019 (\$64k). So that's 5 of our 6 storage tanks, together with replacing several holding/sump tanks is almost a half-million dollars total.
- Replaced Backhoe, \$135.8k, 0% interest for 5-yrs. (was over 35-yrs. old).
- We replaced about (60) residential meters at a cost of about \$5.4k.
- Replaced subfloor of Office bathroom, \$3.4k
- The primary goal for this fiscal year is to continue pursuit of drilling one or more new wells. We had tried to apply for some grant funding through the State, engaging CRWA to help navigate the bureaucracy of the application process (at no cost), but they were not very helpful and ended up costing us a lot of time. We do know we need an updated Engineer's Report (current condition of the system), and have contracted Webb & Associates to perform that task at a cost of \$33.4k.
- Beyond this fiscal year, the priorities should be reconfiguring the Sawpit Site to remove the existing tank and replace with one or two smaller tanks, and replacing the Devils Canyon water main. These are currently both about equally

- These household tap samples may have old pipes, and/or the samples were taken from a faucet within the household that was not regularly used, which would make the sample more prone to yield a higher lead/copper result.
- Though (5) subsequent rounds of tap samples (every 6-mo.) showed (5) out of (100) with detectable amounts of lead, none of which resulted in an Action Level Exceedance.
- We were also required to perform a Corrosion Control Study to see if the water we're delivering contributes significantly to the corrosion of household plumbing with lead or copper pipes and/or fittings. We've since received the Corrosion Control Study (August 2021), which was accepted by the SWRCB, with no further action required by the Company, other than to do some increased Water Quality Parameter (WQP) testing for the remainder of 2022.

3) *Water Loss.*

Director Flores reports that the Company had experienced an approximate 17% total loss for FY 2021/2022. We purchased some better equipment a few months ago and the Operators have been on the hunt. They have found several service-line leaks, and also several customer-side leaks. We also engaged with CRWA to perform a free water-loss audit and leak detection services, which proved to be of little value. The Company continues to replace the oldest and/or potentially malfunctioning water meters at a regular rate. Concerning customer-side leaks, the Board may consider implementing an incentive/rebate program for residential leak detection. There are a few detectors on the market that attach to the outside of the meter body, and send real-time alerts to your phone each time the meter reads flow. This would be especially helpful for those part-time residents who refuse to use their shut-off when they leave. Director Flores reminds all that it's important to report water seen running in the street, water running from a home, trucks hooked up to hydrants or any other suspicious activity.

A question and answer period was provided.

Drought Regulations

Director Flores reports that the Company is under no State restrictions at this time, however we all are still subject to the Use of Water restrictions in our Rules & Regulations (Sect-7):

7.1: No water furnished by the Company shall be used for commercial agricultural irrigation, road construction, or dust control without the prior written consent of the Company.

7.2:

a) The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures.

weighted in terms of priority, with the Sawpit site probably being the more expensive. These could also be part of an application for grant funding.

- We do already have a SCADA system that monitors and partially controls our storage and distribution operations (tanks, pumps. etc.), and we'd like to start implementing installation of Smart Meter technology to help with customer-side leak detection. This would also better provide for monthly meter reading. This could also be part of an application for grant funding.

A question and answer period was provided.

Question & Answer Period

The Board and Staff respond to general questions from those in attendance.

Nominations and Election of Directors

Being a quorum of Shareholders has not been achieved, the vacancy will be filled by majority vote of the remaining Directors at a subsequent Regular Meeting of the Board.

Introduce Applicants for Open Board of Director Positions

Eligible candidates who have submitted applications for Board service:


- Erin Kafich

Conclusion

The meeting was concluded at 2:42 pm.

Approved: 
Gilbert Flores, President

Date: 8/17/22

Attest: 
Joseph Jackson, Secretary

Date: 8/17/22