

## ANNUAL SHAREHOLDERS MEETING

Date: July 31, 2021 Time: 1:30 PM.

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

- PRESENT:** President, Donald Pederson  
Vice President, Gilbert Flores  
Treasurer, Daniel Dobrescu  
Director, Eric Stone
- ABSENT:** Secretary, Joseph Jackson
- STAFF:** Chief Operator, Nathan Burwell  
Office Administrator, Rosemarie Garcia

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

### **General Information**

Director Pederson reports the following:

- Currently the Company has 754 active Service Connections.
- The Company has produced 23,960,493 gallons of water this last fiscal year (May 1, 2020 through April 30, 2021). We also purchased 3,882,898 gallons of supplemental water from CLAWA to satisfy increased demand, for a total of 27,843,391 gallons delivered to the system.
- There are 4103 shares outstanding, in good standing, as of July 23, 2021.

### **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 2052.
- The number of shares represented in person and by proxy for this meeting as of 1:30 pm this day is 277.
- Because a quorum has not been achieved, no business may be transacted at this meeting.

### **Financial Status**

Director Pederson reports that a full independent audit of the Company's financials has been performed for the fiscal year 2020/2021 by Eadie and Payne LLP. Director Pederson 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 Pederson 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) Water Quality.*

A. Director Pederson indicated that a copy of the current, previously mailed Consumer Confidence Report for calendar year 2020 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 2020.

B. Director Pederson provides status on the Lead Action Exceedance Level activities and reviews the Public Education Program letter we all received a last year. 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), which triggered a mandatory action by the State and the Company. This primarily has to do with the Potential Hydrogen



(PH) level of the water running through the pipes. PH that is too low or too high can have a corrosive effect on plumbing within a home, especially in a home that has lead pipes, or copper pipes with lead solder joints.

Director Pederson 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.
- 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.
- We were required to perform a Public Education Program, which included the notice sent to all customers, and a pamphlet available at the Office.
- We were also required to perform a study to see if the water we are delivering contributes significantly to the corrosion of household plumbing.

Though 3 subsequent rounds of tap samples (June/November 2020 and June 2021) showed (5) out of (60) with detectable amounts of lead, none of these 3-rounds of testing resulted in an Action Level Exceedance. We've also just received the draft of the Corrosion Control Study which we'll be submitting to the DDW for comment.

## 2) *Water Loss.*

Director Pederson reports that the Company had experienced an approximate 19% total loss for FY 2020/2021. We did experience a few significant leaks in the Feb-Apr time frame, which were repaired, but we're still at about 12.5% for the last 2-months (under 10% is generally considered to be acceptable). The Operators have been on the hunt and have found a few more small leaks, and also we've just last week engaged with California Rural Water Association (CRWA) to perform a free water-loss audit and provide leak detection services. Our intent is to call out a professional leak-detection service the first week of September, depending on the July/August numbers, or if it looks like a response from CRWA will take too long. The Company continues to replace the oldest and/or potentially malfunctioning water meters at a regular rate. Director Pederson 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 Pederson reports that the Company is under no State restrictions as of this time, however reminds all that as consumers we are all still subject to the State's "End User Requirements", most of which have been incorporated into the Company's Rules and Regulations. These include allowing run-off when irrigating turf or landscapes, using a hose without a shut off nozzle to wash cars, hosing down driveways, and use of potable water in fountain or pond in a non-recirculating system.

A question and answer period was provided.

## **Capital Improvements**

- We have completed a total interior and exterior rehabilitation of Ferncrest Tank#1 in October-2020 at a cost of \$114.9k. That's in addition to replacement of Ferncrest Tank#2 in April-2020 (\$225k) and both Lover's-Lane tanks in 2019 (\$64k).
  - We've also had the Jobs Peak Tank ROV-inspected (\$2,850), and received a proposal for interior/exterior refurbishment at cost of \$55.8k, this is tentatively scheduled for September of this year.
  - We also purchased (3) smaller tanks for various sites at a cost of \$8.6k, which we installed ourselves over the last few months.
  - We also replaced a few more system Pressure Reducing Valves at a cost of about \$3.4k.
  - We replaced about (70) residential meters and a few master meters at a cost of about \$6.6k.
  - The primary goal for this fiscal year is to pursue drilling of one or two more wells. This had been cost prohibitive in the past, but now having accomplished most of the bigger things over the last 3-yrs. or so, we're now able to afford it.
  - 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 both, currently, about equally weighted in terms of priority, and would be at about the same cost.
- 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:

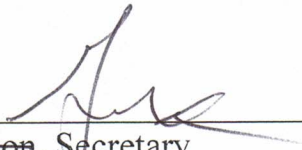
- Robert Ippolito.

**Conclusion**

The meeting was concluded at 2:35 pm.

Approved:   
Donald Pederson, President

Date: 8/19/21

Attest:   
~~Joseph Jackson, Secretary~~  
GILBERT FLORES

Date: 8/19/21