

SAN MIGUELITO MUTUAL WATER COMPANY

Annual Shareholder Meeting  
Minutes

2:00 PM Wednesday, May 21, 2014

Indian Hill Community Center – Avila Beach, California

REGISTRATION OF SHAREHOLDERS

Each Shareholder was asked to sign in and was provided with copies of the Agenda, List of Directors, Shareholder List, May 15, 2013 Minutes, 2013 Reviewed Financial Statements, 2014 Budget, 2014 Rate Schedule, Manager's Report, Operations Report and ballot with registration number assigned by the registrar.

PRESENT

Directors: Gerri Hall, John Delehant, Tom Athey, Rick Koon, Rob Rossi, Vic Montgomery & Ben Banks  
Staff: Dawn Barlow, Admin Support  
ABSENT: None

Shareholders: Glenn Varano, Robert Pusanik, Gordon Withers, David Sutton, Neil McLellan, Bruce Brandenburg, Ken Thom, Kevin Bright, Robert Campbell, Carol Hayden

PLEDGE OF ALLEGIANCE & PRESIDENT'S REMARKS

President Delehant opened the meeting at 2:00 p.m. by welcoming shareholders and introduced the Board of Directors, staff and consultants present.

President Delehant asked if there was a quorum.

The San Miguelito Mutual Water Company Bylaws state: *"The presence in person or by proxy of twenty percent (20%) of the shareholders shall constitute a quorum for the transaction of business at any meeting of shareholders."*

Dawn confirmed there were a sufficient percentage of the shares represented and a quorum was declared. (See representation detail attached.)

MINUTES OF LAST MEETING

President Delehant asked the shareholders to review the minutes of the last meeting. There was a motion made by Gerri Hall, seconded by John Delehant to approve the minutes of the May 15, 2013 meeting as written. Motion passed.

NOMINATION & ELECTION OF OFFICERS

President Delehant announced there were two vacancies on the Board this year. Incumbents, John Delehant and Vic Montgomery have expressed interest in running again. President Delehant asked if there were any additional nominations from the floor. Hearing none, the nominations were closed. In absence of nominations from the floor, the election of the incumbent members of the Board of Directors John Delehant and Vic Montgomery were determined by acclamation.

FINANCIAL REPORT

General Manager Rick Koon presented the San Miguelito Mutual Water Company 2013 Financial Statements, as prepared by the accounting firm of Moss, Levy & Hartzheim LLP.

MANAGER'S REPORT, OPERATIONS REPORT, 2013 and 2014 CAPITAL PROJECTS REVIEW

General Manager, Rick Koon, presented the reports as follows:

General Managers Report –

- Total water connections are 662 and total number of shares is 1044.
- Water production for 2013 was 213 acre feet. Of that, 55% or 118 acre feet were delivered by state water; the remaining 45% came from our three wells.
- Total wastewater production for 2013 was 75 acre feet.

Operations Report -

- The water distribution system and wastewater collections system are functioning normally. We have seen increased root intrusions into the collections system due to the drought.
- We continued our energy conservations by replacing older pumps and motors with energy efficient models.
- Tank 550 interior has been sandblasted and repainted.
- 70% of the force main between Lift Stations #1 and #2 have been replaced and the entire force main has been replaced between Lift Stations #2 and #3.
- The maintenance building was completed in late fall 2013.
- SMMWC is currently in Stage 1 Conservation, voluntary 10% reduction in water use. If necessary, Stage 2 conservation will be implemented which requires a mandatory reduction of 10% residential use, 10% commercial use and 50% irrigation.
- The sludge was removed from the treatment plant and a torn baffle was replaced.
- A Hydro-Geological Study of our local aquifers is under way.

Presentation -

- Pictures were shown of the various major repairs and capital improvement projects completed in 2013.

Questions and Answers:

Question: Was the force main replacement done by our employees or did we hire an outside company? Is SMMWC eligible to receive funding from other sources, such as FEMA for these type of projects?

Answer: The force main project was done by outside contractors. SMMWC is not eligible for FEMA funding.

Question: When will the Hydro-Geologic Study be done? Will the report be made available to shareholders?

Answer: The study is expected to be complete in about 2 months. Once the study has been reviewed, we will make it available on our website.

Question: How often are the ponds dredged?

Answer: The last time the ponds were dredged was in 2002. At that time, approximately 8 feet of sludge was removed.

Question: Does SMMWC keep track of the hardness of the water?

Answer: We do keep track of the hardness and report it to our shareholders in the annual Consumer Confidence Report.

Question: Does SMMWC foresee recycling its wastewater?

Answer: We are looking into the possibility of recycling wastewater to use for irrigation purposes; however the wastewater would need to be filtered and disinfected before use.

Question: How much water storage does SMMWC have? How big is our aquifer?

Answer: Our above ground storage holds about 1 million gallons. Our aquifer is approximately 82 square miles.


ADJOURNMENT

The meeting was adjourned at 3:09 p.m.

Proceedings recorded by:

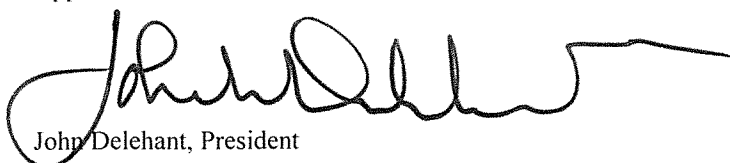
Dawn Barlow, Administrative Support

Respectfully Submitted,



Gerri Hall, Secretary

Approved:



John Delehant, President

# ANNUAL SHAREHOLDERS MEETING

May 21, 2014

## SHARE REPRESENTATION

1044 Total Shares – 20% Necessary for Quorum 209 Shares

Rob Rossi – Cottage, Golf, E. Hartford, AVLLC	198 shares
Tom Athey	1 share
Rick Koon – KFD & KFCI Proxies	42 Shares
Gerri Hall – 1 plus 2 Res. Proxy	3 shares
John Delehant – plus 2 Res. Proxy	3 shares
Vic Montgomery	1 share
Ben Banks – SLBI Proxy	144 shares
Residents in Attendance – 12 plus 1 Res. Proxy	13 shares
Ballots by Mail - 82	85 shares
<b>TOTAL SHARES REPRESENTED</b>	<b>490 shares</b>

## ELECTION RESULTS – BY ACCLAMATION

Vic Montgomery	3 year term
John Delehant	3 year term