

SAN MIGUELITO MUTUAL WATER COMPANY

Annual Shareholder Meeting
Minutes

2:00 PM Wednesday, May 18, 2016

SMMWC Office, 1561 Sparrow Street
San Luis Obispo, CA

REGISTRATION OF SHAREHOLDERS

Each Shareholder was asked to sign in and was provided with copies of the Agenda, List of Directors, Shareholder List, May 20, 2015 Minutes, 2015 Reviewed Financial Statements, 2016 Budget, 2015/2016 Rate Schedule, Manager's Report, Operations Report.

PRESENT

Directors: Gerri Hall, John Delehant, Tom Athey, Rick Koon, Rob Rossi, Ben Banks, Vic Montgomery
Staff: Dawn Barlow, Customer Service and Operations Support; Michelle Edson, Accounting and Administrative Support

ABSENT: None

Legal Counsel: Tim Carmel, Carmel & Naccasha LLP

Shareholders: Pat and Tony Sweet, Karla Bittner, Carol Hayden, T.J. Gamble, Martin Suits, Robert Pusanik, Rich Vorie, Robert and Dominique Dunn, Rita Hoffman, Sharon and William Smith, Elizabeth Ann Markarian, Art Jacqmin, Heather Nelson, Ray and Ann Feeser, Arthur Hotchkiss

Guest: Paul Metchik

PLEDGE OF ALLEGIANCE & PRESIDENT'S REMARKS

President Delehant opened the meeting at 2:05 p.m. with the pledge of allegiance, welcomed the shareholders in attendance 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 Rob Rossi to accept the minutes of the May 20, 2015 meeting as written. Motion passed.

NOMINATION & ELECTION OF OFFICERS – AMENDMENT OF BYLAWS

President Delehant announced there were three vacancies on the Board this year. Incumbents Gerri Hall, Ben Banks and Rick Koon have expressed interest in running again. President Delehant asked if there were any additional nominations from the floor. Dominique Dunn nominated Robert Dunn as a candidate for the Board election. Mr. Dunn was present and accepted the nomination. President Delehant closed the nominations.

President Delehant told the attendees that the committee would also be counting the votes requesting the removal of Parcel 4b from SMMWC's service area via an amendment to the company bylaws.

The voting committee was excused to count the votes. Michelle Edson, Accounting and Administrative Support, audience members Ann Feeser, Carol Hayden, and Sharon Smith opened and counted the ballots.

FINANCIAL REPORT

Financial Officer Tom Athey presented the San Miguelito Mutual Water Company 2015 Financial Statements, as prepared by the accounting firm of Moss, Levy & Hartzheim LLP.

MANAGER'S REPORT, OPERATIONS REPORT, 2015 and 2016 CAPITAL PROJECTS REVIEW

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

General Managers Report –

- Total water connections are 669 and total number of shares is 1041.
- Water production for 2015 was 154 acre feet. Of that, 62% or 95 acre feet were delivered by state water; the remaining 38% came from our three wells.
- Total wastewater production for 2015 was 78 acre feet.

Operations Report -

- The water distribution system and wastewater collections system are functioning normally. A solar chlorination device was installed at tanks 100/200.
- Booster pump replacements were completed in conjunction with our best efforts to stay ahead of PG&E rate increases.
- The sewer and water systems had new control systems installed for the implementation of our new SCADA system.
- We relined one of our sewage pumps and its auger was re-chromed.
- For our 2016 system maintenance we will be replacing our older control and level indicator systems for the tanks and lift stations to be included with our new SCADA system.
- Capital Projects for 2016 include continued replacement of monitoring equipment; installation of control equipment for the telemetry system at our water treatment plant; installing control equipment for the telemetry system at our lift stations; realignment of the effluent line at the wastewater treatment plant; investigation of Well #3 for use as a domestic well and looking into the possibility of using reclaimed water for irrigation.

Presentation -

- Pictures were shown of the various repairs completed in 2015. Also shown were some of the organisms in the wastewater that aid in the breakdown of effluent material.
- General Manager Koon also provided a brief overview of a rebate program provided by the State DWR: www.saveourwaterrebates.com. The program offers rebates for turf replacement and low flow toilets.

Questions and Answers:

Question: Why was there so much money spent on the review and assignment of shares?

Answer: Several shareholders questioned how the shares had been issued and requested an accounting of their distribution. Staff and legal counsel worked together for many hours to ensure the share allocation and assignments were correct.

Question: Of the 1,041 shares, how many are in good standing as of the close of business date May 13, 2016?

Answer: All but ten of the shares were in good standing as of that date.

Question: What is the purpose of the antenna that's installed in Heron Crest?

Answer: The antenna receives data from our new SCADA system and then transmits it to our office.

Question: What was the cost of the new SCADA system? Does the company own the program?

Answer: The cost was about \$11,000.00 which includes the program and a computer to run it on. The program is not installed on our company server. We own the program, so we can make any additions/changes as we feel necessary.

ELECTION RESULTS

Board Secretary Gerri Hall announced the results of the election of directors. Gerri Hall, Ben Banks and Rick Koon received the greatest number of votes and have been elected, by the shareholders, to serve as directors for a three year term ending in May 2019.

Board Secretary Gerri Hall announced there were sufficient votes to amend the bylaws to remove Parcel 4b from SMMWC's service area.

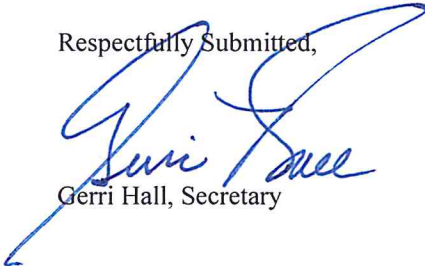
ADJOURNMENT

The meeting was adjourned at 3:02 p.m.

Proceedings recorded by:
Dawn Barlow, Administrative Support

Respectfully Submitted,

Approved:



Gerri Hall, Secretary



John Delehant, President

ANNUAL SHAREHOLDERS MEETING

May 18, 2016

SHARE REPRESENTATION

1041 Total Shares – 20% Necessary for Quorum 209 Shares

Rob Rossi – Cottage, Golf, E. Hartford, AVLLC	197 shares
Tom Athey	1 share
Rick Koon – KFD & KFCI Proxies	35 Shares
Gerri Hall – 1 plus 2 Res. Proxy	3 shares
John Delehant	1 shares
Ben Banks – SLBI Proxy	144 shares
Residents in Attendance – 19	69 shares
Ballots by Mail - 246	250 shares
Guest - 1	
TOTAL SHARES REPRESENTED	700 shares

ELECTION RESULTS – BY BALLOT

Gerri Hall	3 year term
Ben Banks	3 year term
Rick Koon	3 year term

AMENDMENT TO BY-LAWS – PASSED BY BALLOT

Removal of Parcel 4b from the San Miguelito Mutual Water Company Service Area	687 Shares
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