

SAN MIGUELITO MUTUAL WATER COMPANY

Annual Shareholder Meeting
Minutes

2:00 PM Wednesday, May 17, 2017

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 18, 2016 Minutes, 2016 Reviewed Financial Statements, 2017 Budget, 2017 Rate Schedule, Manager's Report, Operations Report.

PRESENT

Directors: John Delehant, Tom Athey, Gerri Hall, Rick Koon, Rob Rossi,
Staff: Michelle Edson, Accounting & Administrative Manager
Absent: Ben Banks and Vic Montgomery
Legal Counsel: Tim Carmel, Carmel & Naccasha LLP
Shareholders: Sherri Danoff, John Dunn, Rita Hoffman, Bob Leone, Martin Suits, Andrew Winterbottom, Judi Belanger, Dennis Wheeler, Art Jacqmin, Kay Washburn, Sharon Smith, William Smith, Pat Arnold
Guest: None

PLEDGE OF ALLEGIANCE & PRESIDENT'S REMARKS

President Delehant opened the meeting at 2:00 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."*

Michelle 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 Rob Rossi, seconded by Tom Athey to accept the minutes of the May 18, 2016 meeting as written. Motion passed 5 - 0.

NOMINATION & ELECTION OF OFFICERS

President Delehant announced there were four vacancies on the Board this year. Incumbents John Delehant, Vic Montgomery, Tom Athey and Rob Rossi have expressed interest in running again. We also had a new Candidate interested in running, Martin Suits, his name was added to the ballot. President Delehant asked if there were any additional nominations from the floor. Hearing none, the nominations were closed. Ballots were collected to be counted and elections were closed.

The voting committee was excused to count the votes. Gerri Hall, BOD Member, Michelle Edson, Accounting and Administrative Manager and Shareholder, Sharon Smith opened and counted the ballots.

FINANCIAL REPORT

Financial Officer Tom Athey presented the San Miguelito Mutual Water Company 2016 Financial Statements, as prepared by the accounting firm of Moss, Levy & Hartzheim LLP.

MANAGER’S REPORT, OPERATIONS REPORT, 2016 and 2017 CAPITAL PROJECTS REVIEW

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

General Managers Report –

- Total water connections are 673 and total number of shares is 1041.
- Water production for 2016 was 153-acre feet. Of that, 76% or 117-acre feet was delivered by state water project; the remaining 24% came from our three wells.
- Total wastewater production for 2016 was 82-acre feet.

Operations Report –

- In 2016 the water system experienced no leaks in the distribution system. We flushed our water mains and exercised the water valves
- The wastewater system had few problems in 2016. We had some minor blockages due to tree root intrusion. Staff continues to proactively remove tree roots from our sewer lines and manholes.
- For our 2017 system maintenance we continue to replace out older controls and level indicator systems for both tanks and lift stations.
- We are repainting tanks 100 and 200 and replacing the sight gauge.
- We had to replace the waterline crossing at lift station #3. The winter storms caused an oak tree to fall and break the pipe bridge crossing.
- We drain and pump each one of our lift stations down on a monthly schedule or when necessary, to eliminate problems with pumps or controls.
- Capital Projects for 2017 include continued replacement of our control equipment; installation of control equipment for the telemetry system at our wastewater treatment plant; installing of control equipment for the telemetry system at lift stations #3 and tanks 100/200; releveling the effluent line at the wastewater treatment plant; investigate new water well locations for a new water supply well; Look at possibility of reclaimed water for irrigation.

Presentation -

- Pictures were shown of the various repairs completed in 2016.

ELECTION RESULTS

Board Secretary Gerri Hall announced the results of the election of directors. John Delehant, Tom Athey, Rob Rossi and Martin Suits received the greatest number of votes and have been elected, by the shareholders, to serve as directors for a four-year term ending in May 2021.

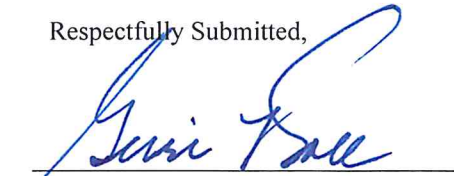
ADJOURNMENT

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

Proceedings recorded by:

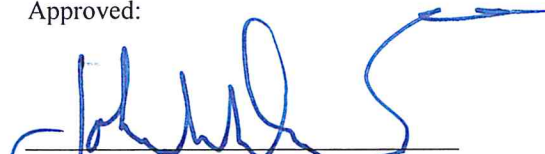
Michelle Edson, Accounting & Administrative Manager

Respectfully Submitted,



Gerri Hall, Secretary

Approved:



John Delehant, President

ANNUAL SHAREHOLDERS MEETING

May 17, 2017

SHARE REPRESENTATION

1041 Total Shares – 20% Necessary for Quorum 209 Shares

Rob Rossi – Cottage, Golf, E. Hartford, AVLLC	196 shares
Tom Athey	1 share
Rick Koon – KFD & KFCI Proxies	31 Shares
Gerri Hall – 1 plus 7 Res. Proxy	8 shares
John Delehant – 1 plus 1 Proxy	2 shares
Ben Banks – SLBI Proxy	144 shares
Residents in Attendance – 13	26 shares
Ballots by Mail - 246	251 shares
TOTAL SHARES REPRESENTED	659 shares

SHAREHOLDERS ELECTED – BY BALLOT

John Delehant	4-year term
Tom Athey	4-year term
Rob Rossi	4-year term
Martin Suits	4-year term