

SAN MIGUELITO MUTUAL WATER COMPANY

Annual Shareholder Meeting Minutes

2:00 PM Friday, May 22, 2020

SMMWC Office, 1561 Sparrow Street
San Luis Obispo, CA

REGISTRATION OF SHAREHOLDERS

This year's meeting was held on gotomeeting.com due to the Corona Virus each Shareholder was asked to give their name and address as they connected in through phone or internet. The Annual Meeting Packet that included the Agenda, List of Directors, Shareholder List, May 15, 2019 Minutes, 2020 Financial Statements, 2020 Budget, 2020 Rate Schedule, Manager's Report, Operations Report was posted to our website.

Board Members Present: Marvin St Pierre, John Delehant, Rick Koon, Rob Rossi, Martin Suits, Michel Nordstrom

Board Member Absent: Gary Garcia

Staff: Michelle Edson, Accounting & Administrative Manager

Legal Counsel: Tim Carmel, Carmel & Naccasha LLP

Shareholders: Robert Pusanik, Larry Bittner, Heather Nelson, Lynn Walters, Sherri Danoff, Terri Belsley, Steve Rossi, Paul Metchik

Guest: Julie Rodelwald from the League of Women Voters

PLEDGE OF ALLEGIANCE & PRESIDENT'S REMARKS

President St Pierre opened the meeting at 2:07 p.m. with the pledge of allegiance, welcomed the shareholders in attendance and introduced the Board of Directors, staff and consultants present.

President St Pierre 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 St Pierre asked the shareholders to review the minutes of the last meeting. There was a motion made by Rob Rossi, seconded by John Delehant to accept the minutes of the May 15, 2019 meeting as written. Motion passed 6 – 0.

NOMINATION & ELECTION OF OFFICERS

President St. Pierre 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 of Luz Santos, Operations Support & Customer Service and Julie Rodelwald from the League of Women Voters verified Shareholder's eligibility, opened and counted the ballots and typed up a report of the results to be posted on our website.

FINANCIAL REPORT

General Manager Rick Koon presented the San Miguelito Mutual Water Company 2019 Financial Statements, as prepared by the accounting firm of Moss, Levy & Hartzheim LLP.

MANAGER'S REPORT, OPERATIONS REPORT, 2019 and 2020 CAPITAL PROJECTS REVIEW

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

General Managers Report

In 2019 -

- Total water connections are 682 and total number of shares is 1041.
- Water production for 2019 was 158-acre feet. Of that, 78% or 123-acre feet was delivered by state water project, the remaining 22% came from our three wells.
- Total wastewater production for 2019 was 85-acre feet.

Operations Report –

- Staff continues to do preventative cleaning of the wastewater system in most neighborhoods (IH, PP, SM, MG, AVO, Comm).
- Staff painted and refurbished pumps, hydrants, pipes, vents and electrical panels throughout the system.
- Staff continued to proactively remove tree roots from sewer lines and manholes.
- We also cleaned the force main between lift station 1 and 2.

Capital Projects

- We replaced worn and cracked flex joints and couplings.
- For our Telemetry System we installed antennas and solar panels at tank sites 100 & 200 to complete the network for our telemetry/SCADA monitoring system.
- All old meters were replaced in Skylark Meadows and Silver Oaks.
- We completed a reconfiguration of Pond 2 that included the draining, sludge removal, dirt work, redesign and refill.
- We replaced old aerator with a new one.
- There was also new fencing installed around the WWTP.

Special Projects -

- The new Pismo Formation Coffeeberry well was pilot tested in August.
- We received grant money thanks to the assistance of Salmon Enhancement and the Dept. of Fish and Wildlife for the Marre weir fish passage.

Unscheduled –

- Water service to the Fire Station broke. Repairs to the line were made and the street work was completed.
- Water service to the Avila Bay Athletic Club broke. Repairs to the line were made and road was completed.
- Line break near the guard shack at the roundabout. Repairs to the line were made and completed.

For 2020 –

Staff is planning to replace a mainline valve in Pelican Point. Generator load testing is scheduled for this year. Staff will be flushing the system and exercising the valves. They will also continue to replace old meters and refurbish and paint hydrants and infrastructure as needed.

Capital Projects –

- Maintenance and paint tanks 300,550, and 400.
- Continue replacing old water meters in Kingfisher.
- Abandon the 8" steel line behind the water treatment plant.
- Replace of all Booster station and Lift Station doors.
- Make improvements to the building at Lift Station 2.
- New Transfer Switch at Lift Station 1.
- Continue to add data acquisition receivers to the SCADA systems.

Question and Answer –

Larry Bittner asked if we were looking into remote meters to save money on accounting and employee time. Rick Koon answered that in the last few years they have started making remote read systems that are compatible with our billing system in. Some of the new meters being installed do have that capability. Dan, the Utility Manager has been looking into it. At this time, we see so many advantages in doing hand reads as for as maintenance goes. The operators are able to open and observe each meter finds leaks or tree root invasions and other problems.

Larry also asked what an inactive Shareholder is. Rick explained that it is a Shareholder that has not set a meter yet.

Bob Pusanik asked why there are no shares for the 4 irrigation meters that the San Luis Bay Estates HOA own. Rick explained that the Shares are only tied to Residential and Commercial meters appurtenant to a lot that can be developed.

None of the irrigation meters in this district have shares it is considered a luxury and set at the discretion of the company. During drought conditions they could actually be shut off.

Bob also wanted to know if the Board would be electing officers at this meeting. Michael Nordstrom answered that it would have had to be agendaized. Marvin St. Pierre added that the normal practice for this board is to elect officers at the meeting following the Annual Meeting.

Michael Nordstrom asked what the System Water listed on page 25 of the package is. Rick explained that System Water is the water that we use to flush the lines and back washing the filters.

BYLAW AMMENDMENT RESULTS

Due to the check in process being off balance it was suggested that we continue with the balancing and upon completion the count would take place. Staff would then post the count to our website. President St. Pierre addressed all in attendance to see if this would be an acceptable process.

Results of the bylaw amendment as posted to the website

YES	NO	BLANK
277	413	2

1041 Total votes possible
291 Total votes received
450 votes not cast

*Vote count verified
by Julie Kohnert
Water Services Director
League of Women Voters of
San Luis Obispo County*

ADJOURNMENT

The meeting was adjourned at 3:08p.m.

Proceedings recorded by:

Michelle Edson, Accounting & Administrative Manager

Respectfully Submitted,

Approved:

Rick Koon

Rick Koon, Secretary

M. St. Pierre

Marvin St Pierre, President

ANNUAL SHAREHOLDERS MEETING

May 22, 2020

SHARE REPRESENTATION

1041 Total Shares – 20% Necessary for Quorum 209 Shares

Marvin St. Pierre 1 Share & 2 Proxies	3 shares
John Delehant	1 share
Michael Nordstrom	1 share
Rob Rossi – ABR, E. Hartford, AVLLC and OUAT	198 shares
Rick Koon – KFD and BDC/ALD. 12 Proxies	12 shares
Martin Suits	1 share
Residential and Commercial in Attendance	6 shares
Ballots by Mail	380 shares
TOTAL SHARES REPRESENTED	602 shares