

SAN MIGUELITO MUTUAL WATER COMPANY

Annual Shareholder Meeting
Minutes

2:00 PM Wednesday, May 20, 2015

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 21, 2014 Minutes, 2014 Reviewed Financial Statements, 2015 Budget, 2014/2015 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, Ben Banks
Staff:	Dawn Barlow, Customer Service and Operations Support
ABSENT:	Vic Montgomery
Legal Counsel:	Tim Carmel, Carmel & Naccasha LLP
Shareholders:	David Sutton, Brent Parker, Robert Allen, Vi Matlin, Carol Goldberg, Sharon Suits, Melanie Zacharias, Glenn Varano, Lillian Bareither, Cynthia Perkins, Rita Hoffman, Gail Blue, Linda Erwin, Sherri Danoff, Kristie Kemp, Ray and Ann Feeser, Bob Muriset, Robert Campbell, Elvera Hornung, Robin Weed-Brown, Heather Nelson, Denis Sullivan, Fred Goodill, Gisela Matteson, Thea Beddingfield, Terry Slivka, Judith Belanger, Ron Keikow, Jeannette Krone, Ron Geikow, Jeannette Krone, Henlie Sturgeon, Helene Frainer, Betty Hartig, Philip Weary

PLEDGE OF ALLEGIANCE & PRESIDENT'S REMARKS

President Delehant opened the meeting at 2:01 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 Sherri Gooding seconded by Gail Blue to accept the minutes of the May 21, 2014 meeting as written. Motion passed.

NOMINATION & ELECTION OF OFFICERS

President Delehant announced there were two vacancies on the Board this year. Incumbents, Tom Athey and Rob Rossi have expressed interest in running again. Pursuant to his request at the April 2015 Board meeting, Indian Hill resident, Ray Feeser 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. Ben Banks, Board Vice-President, Michelle Edson, Accounting and Administrative support and audience member Terry Slivka counted the votes.

FINANCIAL REPORT

General Manager Rick Koon presented the San Miguelito Mutual Water Company 2014 Financial Statements, as prepared by the accounting firm of Moss, Levy & Hartzheim LLP.

MANAGER'S REPORT, OPERATIONS REPORT, 2014 and 2015 CAPITAL PROJECTS REVIEW

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

General Managers Report –

- Total water connections are 668 and total number of shares is 1044.
- Water production for 2014 was 195 acre feet. Of that, 49% or 95 acre feet were delivered by state water; the remaining 51% 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 2014.

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.

ELECTION RESULTS

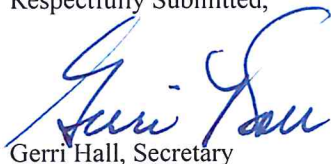
Board Secretary Gerri Hall announced the results of the election of directors. Tom Athey and Rob Rossi received the greatest number of votes and have been elected, by the shareholders, to serve as directors for a three year term ending in May 2018.

ADJOURNMENT

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

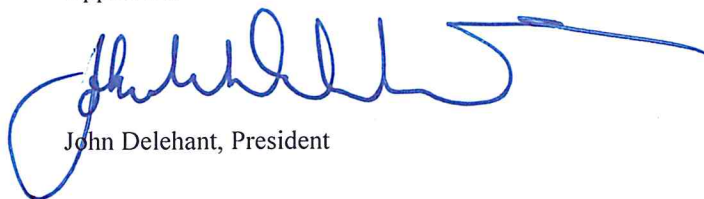
Proceedings recorded by:
Dawn Barlow, Administrative Support

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Gerri Hall".

Gerri Hall, Secretary

Approved:

A handwritten signature in blue ink, appearing to read "John Delehant".

John Delehant, President

ANNUAL SHAREHOLDERS MEETING

May 20, 2015

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	38 Shares
Gerri Hall – 1 plus 6 Res. Proxy	7 shares
John Delehant – plus 2 Res. Proxy	3 shares
Ben Banks – SLBI Proxy	144 shares
Residents in Attendance – 33 plus 2 Res. Proxy	35 shares
Ballots by Mail - 175	175 shares
TOTAL SHARES REPRESENTED	501 shares

ELECTION RESULTS – BY BALLOT

Tom Athey	3 year term
Rob Rossi	3 year term