CALL TO ORDER:
1. Welcome to all Shareholders  Bob Maginnis, President
2. Introduction of Board, Employees  Bob Maginnis, President

QUORUM PRESENT:
1. Director of Elections  Tom Schneider, Treasurer/Director of Elections

NOMINATIONS FOR DIRECTORS:
1. Voting Results  Tom Schneider, Treasurer/Director of Elections

APPROVAL OF MINUTES OF THE PREVIOUS ANNUAL MEETING:
1. Annual Shareholders Meeting of June 7, 2014
   A. Changes / Additions
   B. Motion / Second to approve as presented or corrected

PRESIDENT'S REPORT:  Bob Maginnis, President
TREASURER'S REPORT:  Tom Schneider, Treasurer
LONG RANGE STRATEGIC PLANNING COMMITTEE REPORT:  Tom Schneider, Committee Chair
MANAGER'S REPORT:  Dave Hicks, General Manager
SOURCE OF SUPPLY REPORT:  Tom Elson, Engineer, Luhdorff & Scalanini

OTHER BUSINESS TO COME BEFORE THE MEETING:
1. Questions/Comments

ADJOURNMENT:

• At the 2014 Annual Meeting, we presented our initial set of LRP “Prioritized Goals” which included:
  – **Priority #1**: Develop water supply “new well search plan” to recommend new well opportunities in rank order
  – **Priority #2**: Water Treatment Facility “Equipment Replacement Plan”
  – **Priority #3**: Infrastructure Replacement Plan to include completion of new water distribution lines, valves, service connections, meters, & water storage
  – Our Goals also include developing Budget, Financing, Operations Plans and maintaining open “transparent” communications with shareholders
  – We also committed to continue to explore surface water purchase options and perform on-going side-by-side cost analysis

• We mentioned how this was an evolving process, and that as we learn more information, we must move forward with an open mind, keeping our eyes wide open and evaluate all water supply and system improvement upgrade options

• The Water Master Plan and Capital Improvement Plan was completed by our LSCE Engineering Team in July 2014

• Over the past 10 months, we have used the prioritized capital improvements detailed in the Water Master Plan and multi-year cost estimates detailed in the Capital Improvement Plan as our guiding documents for decisions moving forward
  – WMP/CIP laid out a 10 year plan totaling **$13.4M** (Plus an additional $1M contingency for possible future well replacements if needed in the out years)
  – Included 9 potential wells on 7 sites at **$3.837M**
  – Water Treatment Plant Upgrades at **$265K**
  – Water Distribution and Storage System (i.e., Infrastructure Upgrades) at **$8.683M**
  – Water Meter Installations on 1,449 residences currently without meters at **$609K**

• As you will see in this presentation, we have stayed the course in following our LRP priorities and committee philosophies, making adjustments only when needed based on new information obtained from our results as we progressed

• **Priority #1** - Initial emphasis was placed on proceeding forward on developing our water source capacity by drilling test wells based on the rank order of sites
  – A total of 7 test wells were drilled in 2014 to go along with 2 drilled prior to 2014
  – As of Dec ME, the amount expended on 9 new wells was **$261K (2013)** and **$747K (2014)** totaling **$1.008M**
  – The pump tests showed that 4 sites (totaling 6 test wells) resulted in unacceptable water capacity/ production levels, as well as issues with wells from a couple sites influencing water production on other sites
  – Based on these results, we concluded that moving forward on these 4 sites would not be cost effective nor solve our water capacity goals, so as of the first quarter 2015, the 4 sites (6 test wells) were abandoned
  – As a result, in addition to our existing 3 wells in White Pines, two new sites (3 wells) still remain in the plan
The first (Well #4) is ready for construction. Bids have been received; cost to complete is estimated at ~$310K with work ready to start Sept 2015.

The second site, with Test Wells #5 & 6 completed, has recently finished the pipeline survey with engineering drawings at 75%. The estimated cost to complete is ~$679K for remaining engineering, pump house & pipeline construction, power, permits and fees. This site has been put on hold based on a re-evaluation of our LRP Priorities.

- As mentioned in the Treasurer’s Report, $1.1M was budgeted for new well developments in 2015, however, based on above results only $103K has been spent through April ME.
- Based on the fact that a large percentage of our new test wells were not producing adequate increased source capacity, the BOD decided in Sept 2014 to revise the emphasis in our #1 Priority by including discussions on surface water options to supplement our ground water (well) production.
- Surface Water Options Pursued (Budgeted $60K in 2015 for Engineering & Legal research of Surface Water Options; Actuals through April ME at $28K)
  - In Sept 2014, based on favorable discussions with Utica Water & Power Authority (UWPA) management, the BOD requested LSCE propose a Feasibility Study to evaluate a project of designing & constructing an “un-treated” surface water source from Hunters Reservoir. LSCE’s up-front very preliminary estimate to implement this option was $6.45M. The study was approved to proceed at a cost of $38K scheduled from Nov 2014 – Feb 2015.
  - In Feb 2015, after several months of unsettled discussions with CCWD regarding the purchase of “treated” surface water, the new CCWD leadership and board began to engage in more constructive discussions. These discussions are on-going and remain positive. At this point, the CCWD surface water option is more cost effective and timely than UWPA. As a result, the UWPA Feasibility Study has been put on hold.

- Priority #2 - Water Treatment Plant Upgrades
  - As mentioned, the WMP/CIP laid out the treatment plant upgrade plan at ~$260K over 5 years.
  - Over the past year, the only significant cost was a dive inspection & cleaning on our clearwell tank at $2.5K
  - The only other 2 upgrades planned for 2015 include replacing the chlorinator $15.5K and new roofing $10K
  - The remainder of the upgrades at ~$50K per year will be planned in the next 4 years

- Priority #3 - Infrastructure Improvements
  - The Water Distribution Infrastructure Improvements primary objective is to replace all undersized mainlines, bring all mainlines into the public right-of-way (street), improve pressure zone efficiencies, upgrade pressure relief valves, fire hydrants, etc.
  - The WMP/CIP estimated this over a 7 year span from 2017 – 2023 for $8.683M
  - The LRPC recommends that this project be started in 2015 (if possible) and completed within 2-3 years
  - The staff will work with the LSCE engineering team to prepare an RFQ package for bids to firm up the cost in preparation for a Grant/Gov’t Loan search

Water Meters
- In mid-2014, a Meter Installation Study was prepared by the BLSMWC Staff
The estimate to procure all new meters with our staff performing the installations was $686K

In Oct 2014, the BOD approved moving forward with a Meter Installation Plan based on the following justification

✓ Water Meters are being mandated by the state; we need to follow suit
✓ Water Meters are the only means of measuring water usage by individual user, and fairly distributing the cost of water among the users
✓ Water Meters are a tool to drive water usage down beyond the conservation success we have had to date

Prior to moving forward, it was determined the following decisions required further discussions and actions

✓ Finalize cost and payment options for meters and installation
✓ Finalize installation plan (scheduling sequence to coincide with other infrastructure improvements; decide on in-house installations versus outside contractor)
✓ Re-evaluation of the rate structure

In Dec 2014, based on the passing of the new Water Bond (Prop 1), the BOD decided to investigate possible Grant/Loan funding prior to finalizing our Water Meter Plan and expending any significant resources

• New Water Bond (Proposition 1) Grant/Loan Opportunities

  In Nov 2014, based on information from one of our shareholders, we decided to investigate the State and Federal Grants and/or Loans potentially available for any of our planned Capital Improvements
  
  Because Grants cannot be awarded retroactively to projects that have already been implemented, we contracted with MC Engineering in Feb 2015 to provide “Grant and Gov’t Loan Financing Assistance”
  
  In March 2015, we submitted a Water Efficiency Grant Application to US Bureau of Reclamation Bay Delta Restoration Program for our Water Meters. The Grant would be a 50/50 Federal Grant Share with USBR funding the materials and BLSMWC funding the installation. We are currently progressing through this multi-step approval process
  
  MC Engineering has also been requested to also research Grant/Loan opportunities for our other Infrastructure Capital Improvements

• Based on the results from our progress on the LRP capital improvements as detailed above, together the Grant and Gov’t Loan opportunities being researched and pursued, a re-evaluation of our priorities was recently reviewed and approved by the BOD

  Taking into account potential Grant & Gov’t Loan opportunities, the prioritize capital improvement project benefits are categorized by: (1) Public Health & Safety, (2) Water Conservation, (3) Long Term Sustainability, and (4) Conjunctive Use

  Funding Sources under consideration include: (1) Within E&I Budget, (2) Grant, (3) State or Federal Loan, (4) Private Loan, (5) Shareholder Assessment, (6) Increased Annual Fees

  As reference points, the total 2015 E&I Budget Remaining (Apr ME) = $1.308M; 2015 Annual E&I Income = $845K

1. Water Source – CCWD Capacity & Water Service Charges
   
a. Benefits Long Term Sustainability & Conjunctive Use
   
b. Capacity & Service Charges still being negotiated
c. Funding Capacity Charges TBD; Depending on outcome funding ranges from covering within E&I Budget to Shareholder Assessment, or combination
d. Service Charges would be funded via increased shareholder annual fees of $35-50/year
e. This agreement would supply BLSMWC with 42-53% of our last 3 year average usage gallons/day

2. Water Source – Secondary to outcome of #1 agreement above is completion of Well #4
   a. Benefits Long Term Sustainability & Conjunctive Use
   b. Estimate to Complete is ~$310K
   c. Funding through current E&I budget; No Grant or Gov’t Loan required

3. Water Meter Purchase & Installation
   a. Benefits Public Health & Safety, Water Conservation, and Conjunctive Use
   b. Grant Application submitted; in approval cycle (50/50 Gov’t & Applicant Share)
   c. Grant applied for covers all materials at $664K
   d. Funding for Applicant Share is pursuit of 30-40 year Gov’t Loan (Worst case re-payment $37-41K/year)
   e. Re-payment can be funded through annual E&I budgets

4. Water Treatment Plant Upgrades
   a. Benefits Public Health & Safety
   b. Estimated at ~$50K per year for next 5 years
   c. Funding through current E&I budget; No Grant or Gov’t Loan required

5. Infrastructure Improvements
   a. Benefits Public Health & Safety and Water Conservation
   b. Estimated in WMP/CIP at $8.7M
   c. Proceeding forward to research Grant & Gov’t Loan applicant share programs
   d. Worst case (if no Grant approved) would apply for solely for Gov’t Loan
   e. Propose covering 50% of loan re-payment within annual E&I budgets ($182-212K per year)
   f. Remaining 50% re-paid through bond funding added to shareholders annual property tax bill (Est. at $90-105. per year)

6. Water Source – Completion of Wells 5 & 6
   a. Project Benefits Long Term Sustainability and Conjunctive Use
   b. Estimate to Complete is $679K
   c. Placed project on hold pending outcome of #1 Priority above
   d. Could be funded within annual E&I budgets; No Grant or Gov’t Loan required

7. New Office Building
   a. Estimate-to-complete cost $265-340K
   b. Pending completion of 2015 budgeted items (tree removal, septic) remainder placed on hold until all higher priority improvements are completed
Key to Data from Charts

Water Use Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Well Water Production (gallons)</th>
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<tbody>
<tr>
<td></td>
<td>Total Year</td>
</tr>
<tr>
<td>2012</td>
<td>53,172,000</td>
</tr>
<tr>
<td>2013</td>
<td>49,575,000</td>
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<tr>
<td>2014</td>
<td>45,947,000</td>
</tr>
<tr>
<td>2015</td>
<td>NA</td>
</tr>
</tbody>
</table>

1. Well use in 2013 was interrupted for 4 weeks due to low water levels. CCWD intertie used.
2. Use thru May 2015 is 25% lower compared to 2013 and 18% lower compared to 2014.

Recent Precipitation

<table>
<thead>
<tr>
<th>Year</th>
<th>Calendar Year Precipitation (inches)</th>
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<tbody>
<tr>
<td></td>
<td>Total Year</td>
</tr>
<tr>
<td>2012</td>
<td>58.9</td>
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<tr>
<td>2013</td>
<td>13.2</td>
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<tr>
<td>2014</td>
<td>36.9</td>
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<tr>
<td>2015</td>
<td>NA</td>
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1. Calaveras Big Trees Station.

Water Levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Depth-to-Groundwater (feet)</th>
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<tbody>
<tr>
<td></td>
<td>January 1</td>
</tr>
<tr>
<td>2012</td>
<td>NA</td>
</tr>
<tr>
<td>2013</td>
<td>125</td>
</tr>
<tr>
<td>2014</td>
<td>130</td>
</tr>
<tr>
<td>2015</td>
<td>147</td>
</tr>
</tbody>
</table>

1. White Pines Well 1 (inactive).
2. New Year is last high demand use before June.
3. In the 1990s, depth-to-groundwater in wells was typically 0’.