



# North Fork Water Company

INCORPORATED JANUARY 13, 1885

## **ANNUAL SHAREHOLDERS MEETING**

**3111 Greenspot Road**

**Highland, CA 92346**

**April 3, 2018 - 2:00 PM**

### **AGENDA**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**SUMMARY OF SHARES REPRESENTED**

**ROLL CALL OF BOARD MEMBERS**

**APPROVAL OF AGENDA**

**PUBLIC COMMENTS**

### **DISCUSSION AND POSSIBLE ACTION ITEMS:**

1. Approve minutes of April 4, 2017 Annual Meeting of Shareholders
2. Approve minutes of January 18, 2018 Special Meeting of Shareholders
3. Ratify Actions of North Fork Water Company Board of Directors for 2017
4. Nominees for North Fork Water Company Board of Directors
  - a. Chris Carrillo
  - b. Ronald L. Coats
  - c. Charles Kiel
  - d. James Morales, Jr.
  - e. Phillip R. Goodrich
  - f. David E. Smith
  - g. Margaret Wright
5. Election of North Fork Water Company Board of Directors

### **DIRECTOR COMMENTS**

### **OTHER BUSINESS**

### **ADJOURN**

---

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought in order to participate in the above-agendized public meeting should be directed to the North Fork Board Secretary (909)885-4900 at least 72 hours prior to said meeting.

Subject to Approval

NORTH FORK WATER COMPANY  
31111 GREENSPOT RD.  
HIGHLAND, CA 92346

ANNUAL SHAREHOLDERS MEETING

April 4, 2017

MINUTES

President Coats called the Annual Shareholders meeting to order at 2:00 p.m. Director Smith led the flag salute.

President Coats requested a moment of silence in memory of Mr. Bud Wright.

PRESENT: Ron Coats  
Chris Carrillo  
Charles Kiel  
James Morales Jr.  
Nanette Shelton  
David Smith  
Margaret Wright

ABSENT: None

EVWD Staff: John Mura  
Brian Tompkins  
Steve Nix  
Justine Hendricksen  
Patrick Milroy  
Allen Williams  
Kathy Burke  
Brenda VanMeter  
Ed King  
Martha Duran  
Eileen Bateman

LEGAL COUNSEL: Michele Staples

SHAREHOLDERS: Ron Arnott  
Christina Moreno  
Lisa McComber (Representing Wright Family Trust)  
Harry Spitzer  
Thomas Hooker  
Tom McNeal  
Kenneth Meddock (Representing First American Title)

GUEST(S): Members of the public

## **SUMMARY OF SHARES**

According to the registration records, shareholders holding 6,884.33 shares of stock were present at the April 4, 2017 annual shareholders meeting. According to the registration records a quorum of the shareholders are present at the meeting in person or by proxy and are ready to proceed with the meeting.

President Coats noted that the purpose of the meeting be reflected in the minutes for the annual meeting; this meeting was called and noticed in compliance of California law and the conditions of the By-laws of the North Fork Water Company; the first notice of the annual meeting included the date, time and place of the meeting and was mailed to all shareholders of record with the company on or about March 10, 2017 another notice of the meeting and the agenda, including the date, time and place and matters to be voted on was mailed on or about March 24, 2017. As of March 23, 2017 at 5:00 p.m., there were 7,156 shares of stock entitled to vote.

## **APPROVAL OF AGENDA**

M/S/C (Shelton-Kiel) that the April 4, 2017 agenda be approved as submitted.

## **PUBLIC COMMENTS**

President Coats declared the public participation of the meeting open at 2:05 p.m.

There being no written or oral comments the public participation section was closed at 2:06 p.m.

## **SHAREHOLDER COMMENTS**

There were no comments at this time.

## **DIRECTOR COMMENTS**

There were no comments at this time.

## **APPROVAL OF SPECIAL SHAREHOLDERS MEETING MINUTES FOR MARCH 20, 2017**

M/S/C (Kiel-Shelton) that the March 20, 2017 special shareholders meeting minutes be approved as submitted.

## **RATIFY ACTIONS OF NORTH FORK WATER COMPANY BOARD OF DIRECTORS FOR 2016**

M/S/C (Wright-Kiel) that the actions of the North Fork Board of Directors for 2016 be approved.

## **NOMINEES FOR NORTH FORK WATER COMPANY BOARD OF DIRECTORS**

President Coats stated that the next order of business is to elect the members of the Board of Directors of this company, the By-laws provide that there are seven (7)

directors and today the shareholders will be electing 7 directors; nominees for election are current members of the Board of Directors: Chris Carrillo, Ronald L. Coats, Charles Kiel, James Morales, Jr., Nanette Shelton, David E. Smith, and Margaret Wright.

## **ELECTION OF NORTH FORK WATER COMPANY BOARD OF DIRECTORS**

M/S/C (Carrillo-Wright) that the slate of Directors for 2017 be Ronald L. Coats, Chris Carrillo, Charles Kiel, James Morales, Jr., Nanette Shelton, David Smith, Margaret Wright.

## **DISCUSSION AND POSSIBLE ACTION REGARDING UPDATE AND REVISIONS TO THE 2013 NORTH FORK WATER COMPANY BY-LAWS**

North Fork Water Company Legal Counsel, Michele Staples, reviewed draft revisions to the North Fork Water Company By-laws in the agenda package for the meeting, including provisions conforming the By-Laws to the California General Corporation Law, Public Utilities Code section 2705, and the Company's Articles of Incorporation; provisions regarding transfers and leases of water supplies; standard provisions regarding indemnification, records and reports; clarification of water use for non-potable water and agricultural irrigation; and authorization for distribution of surplus water among shareholders. She provided a summary of the proposed next steps regarding shareholder approval of the amendments to the By-laws.

Ms. Staples addressed the questions and concerns from the Board and Shareholders regarding General Corporations Law provisions, Board approval for leasing shares, Rules of the Ditch, current lessees, costs of leasing shares, transfer fees and proposed approval of amendments of By-Laws by Shareholders and revisions to Rules of the Ditch by the Board.

M/S/C (Carrillo-Kiel) that the Board approve the amendments to the North Fork Water Company By-laws as proposed, with the following clarifications 7.17 to be consistent with the Public Utilities Code section 2705; sections 7.05 and 7.11 fees to be \$0.00 dollars at this time; and section 7.14 (f) regarding restrictions on lease of forfeited water will be tabled and discussed at a future date.

## **ADJOURN**

The meeting was adjourned at 2:49 p.m.

---

Ronald L. Coats, President

---

Justine Hendricksen, Secretary

Subject to Approval

NORTH FORK WATER COMPANY  
31111 GREENSPOT RD.  
HIGHLAND, CA 92346

BOARD OF DIRECTORS ORGANIZATIONAL MEETING

April 4, 2017

MINUTES

President Coats called the Annual Board of Directors meeting to order at 3:01 p.m.

PRESENT: Ron Coats  
Chris Carrillo  
Charles Kiel  
James Morales Jr.  
Nanette Shelton  
David Smith  
Margaret Wright

ABSENT: None

EVWD Staff: John Mura  
Brian Tompkins  
Steve Nix  
Justine Hendricksen  
Patrick Milroy  
Allen Williams  
Kathy Burke  
Brenda VanMeter  
Ed King  
Martha Duran  
Eileen Bateman

LEGAL COUNSEL: Michele Staples

SHAREHOLDERS: Ron Arnott  
Christina Moreno  
Lisa McComber (Representing Wright Family Trust)  
Harry Spitzer  
Thomas Hooker  
Tom McNeal  
Kenneth Meddock (Representing First American Title)

GUEST(S): Members of the public

## **APPROVAL OF AGENDA**

M/S/C (Shelton-Smith) that the April 4, 2017 agenda be approved as submitted.

## **PUBLIC COMMENTS**

President Coats declared the public participation of the meeting open at 3:02 p.m.

There being no written or verbal comments the public participation section was closed at 3:03 p.m.

## **BOARD RE-ORGANIZATION**

### **ELECTION OF OFFICERS**

M/S/C (Carrillo-Wright) that Ronald Coats be appointed Board President.

M/S/C (Carrillo-Wright) that Christopher Carrillo be appointed Vice President.

M/S/C (Carrillo-Wright) that Justine Hendricksen be appointed Secretary.

M/S/C (Carrillo-Wright) that Brian Tompkins be appointed Treasurer.

## **DISCUSSION AND POSSIBLE ACTION REGARDING UPDATE AND REVISIONS TO THE NORTH FORK WATER COMPANY RULES OF THE DITCH**

Ms. Staples provided a brief summary of the Rules of the Ditch and discussed the proposed changes with the Board and shareholders. The update included information regarding the following: Section 1.2 clarifying the delivery schedule and procedures for calculating and allocating surplus water, Section 1.3 regarding allowance of shut-off valves by shareholders, Sections 1.7 and 1.8 clarifying the procedures for cancellation of water deliveries, Sections III clarifying the Articles and By-laws control and she also discussed the process to amend the Rules of the Ditch.

M/S/C (Morales-Carrillo) that the Board approve the update and revisions to the North Fork Water Company Rules of the Ditch as proposed, except that the proposed revision to Section 1.2 is to be referred to the Legal Ad-Hoc Committee for further review.

## **DISCUSSION AND POSSIBLE ACTION REGARDING SCOPE OF WORK FOR, AND ISSUANCE OF, REQUEST FOR PROPOSAL FOR CONSULTANT TO DETERMINE VALUE OF NORTH FORK WATER COMPANY SHARES**

Ms. Staples stated that this agenda item is a request for authorization to issue a Request for Proposals (RFP) to provide a valuation of the North Fork Water Company's system, water rights and the mandatory service specifications. The scope of work for the selected appraiser will include the following: summarizing the condition of the North

Fork Water Company's existing water system, assets and liabilities, determine the current value of shares on a per share basis, letter preparation guidelines of appraiser's assumptions, resources and report information; she stated that the appraisers are required to follow to the Uniform Standards of Professional Appraisal Practice standards. Ms. Staples recommended that the RFP be sent to the following consultants: Brian J. Brady & Associates, David Hayward (Hayward Consulting), and Steve Johnson (Stetson Engineers).

Ms. Staples addressed questions from the board regarding the costs associated with an RFP, time-frame of the proposal and the shareholder interests in finding out the market value of the shares.

Director Kiel expressed his concerns regarding the costs associated with hiring a consultant to provide a valuation, he proposed that North Fork Water Company value the shares the same as Bear Valley Mutual Water Company and not incur costs for an appraisal.

The General Manager/CEO stated that the Company's water use limitations and By-laws differ from Bear Valley Mutual Water Company, and in the event East Valley Water District is able to purchase shares, justification is necessary for the the purchase with ratepayer's money. This is a fair process to set the proper value of each share for the benefit of all shareholders.

M/S/C (Morales-Carrillo) that the board approve the scope of work and authorize the issuance of a Request for Proposal to three recommended consultants to determine the value of the North Fork Water Company shares.

#### **FINANCIAL STATEMENTS FOR FY 2016-17**

Mr. Brian Tompkins reviewed the Financial Report, executive summary and operating budget with the board. He stated that there were no findings in the independent accountant's review.

M/S/C (Wright-Morales) that the Board accept and file the Financial Report as submitted.

#### **PROPOSED FY 2017-18 WATER DELIVERIES AND OPERATIONAL UPDATE**

Mr. Allen Williams presented an operational update to the board; he reviewed repair and maintenance activities that had been performed on the North Fork Canal; he stated that vandalism is a continued point of concern near Plunge Creek. He discussed the pipeline replacement project for the Santa Ana River Crossing and repair options for the Plunge Creek Pipeline.

M/S/C (Wright-Shelton) that the board approve the FY 2017-18 water deliveries as submitted.

## REVIEW AND ADOPT BUDGET AND ASSESSMENTS FOR 2017-18

Mr. Tompkins reviewed the proposed operating budget, capital improvement programs, and the proposed fiscal year 2017-18 assessments. He stated the increase in the proposed legal services and contract services budget was due to the valuation of the North Fork Water Company. He stated that the Capital Improvement Project costs remain the same for the Santa Ana River Crossing and Plunge Creek Crossing projects. He also stated the proposed assessment to be \$23 per share.

M/S/C (Morales-Carrillo) that the Board approve the proposed 2017-18 operating budget and \$23 assessment per share.

## ADJOURN

The meeting was adjourned at 3:43 p.m.

---

Ronald L. Coats, President

---

Justine Hendricksen, Secretary



Draft pending approval

NORTH FORK WATER COMPANY  
31111 GREENSPOT RD.  
HIGHLAND, CA 92346

SPECIAL SHAREHOLDERS MEETING

JANUARY 18, 2018

MINUTES

President Coats called the Special Shareholders meeting to order at 2:00 p.m. Mr. Milroy led the flag salute.

DIRECTORS

PRESENT: Ron Coats  
Chris Carrillo  
Charles Kiel  
James Morales Jr.  
Margaret Wright

[One Vacancy]

ABSENT: David Smith

EVWD Staff: John Mura  
Brian Tompkins  
Jeff Noelte  
Justine Hendricksen  
Patrick Milroy  
Nate Paredes  
Eliseo Ochoa  
Martha Duran  
Shayla Gerber  
Jean Cihigoyenetche

LEGAL COUNSEL: Michele Staples

SHAREHOLDERS: Caroline Kiel Ray (Kiel Family Trust)  
Charles Kiel  
Lisa McComber (Wright Family Trust)  
Thomas Hooker  
Fred McNeal  
Tom McNeal  
Kenneth Meddock (representing First American Title)

GUEST(S): Members of the public

## **APPROVAL OF AGENDA**

M/S/C (Carrillo-Morales) that the January 18, 2018 agenda be approved as submitted.

## **PUBLIC COMMENTS**

There being no written or verbal comments the public participation section was closed.

## **PRESENTATION OF DRAFT SUMMARY APPRAISAL REPORT OF THE NORTH FORK WATER COMPANY PREPARED BY BRIAN J. BRADY & ASSOCIATES**

The General Manager introduced Dr. Brian J. Brady, North Fork Water Company consultant appointed to determine the value of NFWC shares.

Dr. Brady provided a brief presentation of the North Fork Water Company (NFWC) Valuation Report: he reviewed important valuation assumptions; gave a summary of share value and stated that he determined the value of each share equates to \$546; displayed an engineering drawing of eight miles of canal and stated that there was a considerable amount of service life depreciation; gave a summary of the value of operating assets; presented the value of NFWC Santa Ana River rights; and disclosed the value of each share resulting from the evaluation method. Dr. Brady gave a comparison of the approximate per share value of Bear Valley Mutual Water Company stock based on the same method used to evaluate the NFWC shares.

There were no questions or comments from the Shareholders or the public.

Director Kiel stated that this was a long and exhaustive process; that Mr. Brian Brady is knowledgeable and hopes the shareholders are confident in his work.

Ms. Wright stated that the valuation report is very thorough.

Vice Chairman Carrillo stated that his experience being on the NFWC Legal Ad-Hoc Committee was quite a process and Dr. Brady did a thorough job.

Information only.

## **DIRECTOR COMMENTS**

No comments at this time.

## **LEGAL COUNSEL COMMENTS**

No comments at this time.

## GENERAL MANAGER COMMENTS

The General Manager announced that he and Brian Brady are available for questions regarding the report. He stated that if there is no feedback, the item will go for approval by the Board following the Annual Shareholders meeting scheduled for April 3, 2018; however, a second meeting will be held to discuss the report prior to the Annual Shareholders meeting if necessary.

The meeting was adjourned at 2:41 p.m.

---

Ronald L. Coats, President

---

Justine Hendricksen, Secretary