

**SENIOR CANYON MUTUAL WATER COMPANY
ANNUAL MEETING OF STOCKHOLDERS**

April 26, 2008

Pursuant to due and official notice, the annual meeting of stockholders of the Senior Canyon Mutual Water Company was held at the San Antonio School, 650 Carne Rd., in Ojai on Saturday morning April 26, 2008.

President Dougherty called the meeting to order at 9:40 o'clock A.M. and directed the Secretary to call the roll of shareholders. There were present in person 467 shares and represented by proxy 342 shares, making a total of 809 shares, which number was sufficient for conducting the business of the annual meeting.

The minutes of the stockholders' annual meeting of April 28, 2007 were read. The President stated that if there were no errors or omissions noted, he would consider the minutes approved as read. There being none, it was so ordered.

The next order of business was the presentation of the Treasurer's report. Treasurer Bill Prather presented a "pro-forma" self prepared financial statement, not the one provided by Jacobs & Jacobs, Certified Public Accountants. Due to a low 4 Y, inch rainfall and increased water purchases from Casitas Municipal Water District at higher than normal rates, the water company did not do well financially last year. In addition, Rabobank suggests shifting from a line of credit to a long term 7 year loan. This last winter had a higher rainfall than normal so that water reserves should be increased over last year. Prather is proposing a 5% increase in meter rates and no change in the share assessment. Furthermore, he is recommending a special assessment for 2008 from \$17.78 to \$22.22 charged at \$5.56 per quarter to pay down the existing debt. Finally, he is proposing an increase in domestic rates of 20%, an increase of 10% in agricultural rates, an increase in institutional rates of 20%, and no change in the untreated agricultural water rate. Prather expressed his concern for the future of agriculture in the east end of Ojai due to the increased costs of water. On motion by Michael Miller, seconded by Michelle Hertzell and carried, the water assessment per share for 2008/09 will be increased to \$68.00 per share. On motion by Bruce Botnick, seconded by John Botell and carried, the special assessment of \$22.22 split over 4 quarters was passed to help retire the debt of \$155,000. On motion by Gary Barnhart, seconded by John Kertis, and carried, the \$155,000 line of credit to Robobank will be shifted to a long term loan for a term of 7 years. On motion by Steve Selwyn, seconded by Gary Barnhart and carried, the tiered rate increases as proposed by treasurer Prather were adopted. Finally on motion by Michael Weaver, seconded by Sam Eaton and carried, the 2008/09 budget was adopted.

Manager Larry Catlett reported that 600 feet of steel pipe has been replaced on Hendrickson Road, and fire hydrants have been installed to function as blow-offs to flush the lines since they are dead end and not looped lines. These pipes were plugged up to 75% due to mineral build up. As a consequence, when they were replaced, it created a vacuum which pinched off some of the older pipes. 100 feet of reservoir line has been replaced, and the reservoir is currently 10 feet from spill level. There is a grant coming from the State of California for \$500,000, which when added to the \$100,000 that Senior Canyon Mutual Water Company is providing and another \$100,000 that Casitas Mutual Water District is offering, will total the \$700,000 in funds needed to help rebuild the crossing and add instrumentation to the water system. The tunnel line is currently being replaced, which will hopefully allow for fewer leaks in the future and thus reduce maintenance costs. Treasurer Prather added that the \$700,000 is going to help to transfer the chlorine disinfecting system to a chloramine filtration system, to bridge the crossing and to change the manual valves to automatic. The crossing is at the top of Ladera Ranch Road near the Tomasetta property.

On motion by Robert Adams, seconded by Michelle Hertzell, the actions of the Board of Directors for the year 2007/08 were approved.

Director Samuel Eaton discussed the water board's desire for Senior Canyon Mutual Water Company to join in the Camou lawsuit against Robert Hudson because that suit is being handled by Attorney Robert Sawyer, who can more effectively handle both suits together. Sawyer believes that Senior Canyon Mutual Water Company should prevail because he has already handled the successful McCann case which is very similar in nature. The fees and costs should be somewhere between \$40,000 and \$60,000. Senior Canyon Mutual Water Company Attorney Paul Blatz also recommended that the lawsuits be consolidated. On motion by Mike Miller, seconded by Michelle Hertzell and carried, the Board has authorized the hiring of attorney Robert Sawyer as legal council to consolidate the two lawsuits at a legal cost to the company not to exceed \$60,000. On motion by Michael Miller, seconded by Gary Barnhart and carried, \$66.66 per share paid quarterly will be used to raise the approximate \$75,000 necessary to pay these legal fees.

After a brief discussion of the need for multiple annual meetings, the consensus of the audience appeared to be that they would like approximately two per year. The Board will take this information under advisement after viewing the potential costs and time requirements.

John Kertis discussed the Robert Hudson lawsuit and wished to disassociate himself from Hudson. However he questioned the motives and transparency of Senior Canyon Mutual Water Company Board actions.

President Dougherty responded that the Brown Act does not apply to Board meetings that have been changed on occasion due to the busy schedules of the Board members. He pointed out that John Kertis has only been excluded from discussions that related to the lawsuit and otherwise has been welcomed at all Board meetings.

Robert Hudson made a presentation regarding his views on the lawsuit being brought by Senior Canyon against him and introduced his Attorney Alex Gutierrez.

On motion duly seconded and carried, the following stockholders were nominated for election to the Board for the term 2008/09: Paul Tantet, Ken Wright, Paul Dougherty, Sam Eaton, Gary Barnhart, Keith Nightingale, Michael Chambliss and Bill Prather.

A count of the ballots indicated that those elected to the Board were: Paul Tantet, Paul Dougherty, Sam Eaton, Gary Barnhart, Keith Nightingale, Michael Chambliss and Bill Prather.

There being no further business to come before this meeting, on motion duly seconded and carried; same was adjourned at 1:00 o'clock P.M.

John Jacobs, Secretary

Attested to:

Paul Dougherty, President