

SENIOR CANYON MUTUAL WATER COMPANY  
REGULAR MONTHLY MEETING OF THE BOARD OF DIRECTORS  
November 21, 2008

Pursuant to due and official notice, the regular meeting of the Board of Directors of the Senior Canyon Mutual Water Company was held at the office of the District, 603 West Ojai Avenue, Ojai California on November 21, 2008.

The President called the meeting to order at 5:06 o'clock P.M. There were present Directors, Dougherty, Nightingale, Eaton, Chambliss and Tantet. Directors Prather and Barnhart were absent. Also present was the Company's Manager Larry Catlett and shareholder John Kertis.

Director Eaton requested a change in the conduct of Board meetings. Suggestion that minutes be read and Treasurer and Manager's report be presented in open session, along with new business. All sensitive Board discussion be held in executive session.

Nightingale moved the suggestion, Tantet seconded, motion passed.

The minutes of the last regular meeting held October 17, 2008 were read and approved.

The Treasurer's report for the period ending October 31, 2008 was postponed until November 23, 2008 at 9 A.M. when all Director's except Barnhart were present.

Since the last meeting the following stock transfers have been made:

From Clyde Davis to Clyde Davis Trust # of shares 9.  
From Estate of FB Vanderhoff to Pam Melone # of shares 5.  
(both transfers are subject to administrative costs only)

The Manager reported that McNell Rd. and other most critical repairs have been completed. Will hold off on others jobs pending cash flow.

Well #2 capped as previously agreed @ October 17, 2008 meeting.

Good flows reported from all sources.

Bush clearing on N. fork stopped due to fire hazard.

Board directed Manager to continue after first rains.

Manager directed to further clean and put plastic in tunnel to improve flow. Reservoir is dry.

Prop 50 update. Plan delayed to review the "towers" and change design for aesthetic purposes. Expect start early 2009. Senior Canyon road will be paved from gate to filter site.

We are required to implement a labor compliance program as a part of the grant project. Motion, to create a compliance program, seconded by Nightingale, passed unanimously.

President declared meeting in abeyance to November 23, 2008 @ 9:00 A.M. for Treasurer's report.

At the reconvened meeting the Treasurer felt merger not possible. Senior Canyon cannot transfer its water rights to surface water currently used by Senior Canyon. Nightingale suggests Senior Canyon might become "domestic" water company only if no ag use accepted.

Re: debt to Casitas, Board discussed possible rate schedule changes to deal with current financial situation. Board considering an assessment of \$100k to apply to CMWD current debt of \$140k. Senior Canyon is not currently able to immediately pass on increased rate charged by CMWD without shareholders meeting and approval. Senior Canyon is subsidizing shareholders' use of CMWD water. Suggestions: 1. Change share allotment 2. Tiered rate structure changes 3. billings to reflect actual costs of CMWD water and address costs of Senior Canyon based on

actual use, with no consideration to shares. Shares would apply only to water generated by Senior Canyon.

Twin Peaks. Board suggests we invite Twin Peaks Ranch to directly purchase water from CMWD. Twin Peaks is largest user of ag. Water and CMWD ag rate is lower than the "sale for resale - pumped" rate currently paid by Senior Canyon to CMWD.

Thacher well (Reeves Road). Water reports that well water is potable - flow up to 450 GPM. Manager will get cost estimates to bring well on line for Senior Canyon use. Board will contact Tony Thacher re: agreement for use of well. Board contemplates calling special shareholder meeting early 2009 to seek approval for assessments to pay CMWD and bring Thacher well on line and present new rate structure. Thacher well estimated cost \$45k. Payment of \$10k to CMWD approved, plus another \$10k on receipt by Senior Canyon. Casitas to be notified of contemplated shareholders action

RE: Bankruptcy protection.

Treasurer spoke with attorneys who advise that Senior Canyon does not get protection afforded corporations or private parties. And Senior Canyon cannot force CMWD to sell water to Senior Canyon.

Executive session.

Raz and Hudson lawsuits discussed.

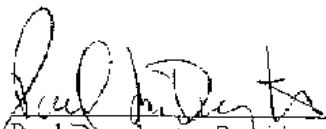
When the meeting reconvened on November 23, 2008 at 9 A.M. all Directors except Barnhart were present.

The Treasurer's report for the period ending October 31, 2008 was reviewed. All present approved the report and conditions as reflected in this statement. On motion by Nightingale, seconded by Chambliss and carried the Treasurer's report was accepted and ordered filed. Check numbers 6927 thru 6953 inclusive, along with supporting entries totaling \$32,074.88 were reviewed and discussed. On motion by Nightingale, seconded by Chambliss and carried, these checks were considered in order and payment for same approved. In addition it was reported that as the date of the meeting there was a Checking Account balance of \$26,197, and an Accounts Receivable balance of \$66,814, and an Accounts Payable balance of \$180,479.

Meeting was held with C.M.W. D. attended by Prather and Carlett. C.M.W.D. has no legal obligation to provide water to Senior Canyon; Senior Canyon does not have an immediate available alternative source. C.M.W.D. indicated they will continue to provide water to Senior Canyon. C.M.W.D. stated they are not interested in taking over Senior Canyon or servicing Senior Canyon as part of C.M.W.D. Preliminary estimates suggesting type of merger/take over would face 5 years of planning. \$200/foot pipe costs, all work would have to be done by Senior Canyon, and additional per parcel costs. Would have to be financed by loan/assessment per parcel, not shares.

There being no further business to come before the Board, on motion duly seconded and carried, the meeting was adjourned at 10:50 A.M. o'clock on November 23, 2008

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Sam Eaton, Acting Secretary

  
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Paul Dougherty, President