

Senior Canyon Special Shareholder's Meeting

January 24, 2009

Location: San Antonio School, Ojai, California

Meeting was called to order at 10:10 am by Paul Dougherty, President of Senior Canyon Board of Directors. After a brief introduction, President Dougherty asked Director Keith Nightingale to comment on the letter mailed to Shareholders calling for the special meeting. Director Nightingale articulated on a number of items that were questioned by Shareholders as to their accuracy. Shareholder, Robert Davis stated that he had not been asked if his name be mentioned in the letter to shareholders. Additional items included the acreage Senior Canyon services, a discussion of possibly working out an arrangement with Friend's Ranch to utilize one of their wells. And clarifying that agricultural is of the utmost importance to maintaining the quality of life in the East End of Ojai. Further that maintaining agricultural is of the highest priority of Senior Canyon Water, but with growing demand and shortage of water we needed to explore alternative sources of water and depend less on water purchase from Casitas.

Director, Sam Eaton led a discussion of company bylaws and explained why the Board was requesting approval of a one-time assessment that would retire our outstanding water bill to Casitas. He then went on to provide a history of our purchasing more water than we produced. In addition, we were forced to purchase more water from Casitas because of a broken pipeline we were not able to repair in a timely manner. A lengthy discussion was held on the details of the situation on why we were not granted permission to fix the pipeline on the Raz property.

Director, Bill Prather stated that while we were able to pay Casitas our current bill with current revenue, we are unable to accumulate enough revenue to retire our debt. A discussion was made of our using our credit line versus the one-time assessment. Director Prather stated that without a rate increase at the next annual Shareholder's meeting, we would be unable to service our debt to the bank and continue to pay higher water bills to Casitas. Deferring any

action would not solve our long term situation. Shareholders requested the Board of Directors come up with alternatives for the next annual meeting.

A presentation will be made at the annual Shareholder's meeting to provide solutions to our financial situation.

Items to be presented at the next Shareholder's meeting include:

- Create a taskforce to begin discussions with Casitas regarding a possible merger.
- Explore feasibility of selling Senior Canyon assets including legal issues (i.e., Decommission our dam and how our land might be of any value to a developer if it is considered watershed.
- Determine if water rights are transferrable.

Treasurer Bill Prather explained Casitas rate increases and how we accumulated our debt to Casitas. Discussion from the floor requested a committee be created to determine what appropriate rate structure would be required for our next fiscal year. Shareholder Bill Loehr agreed to assist in developing a new model. It was discussed that there may be various models to pay off our debt other than the one-time assessment. Proxyholder Mike Miller stated Casitas might offer Senior Canyon a promissory note in lieu of the assessment. Shareholder Howard Landon moved to approve the one-time assessment seconded by Shareholder Nelson Sorem. Motion was defeated.

Shareholder Wyatt Harris suggested our debt to Casitas should be based on usage, not on a per share basis. A discussion was then held that bills should reflect the true cost of actual Senior Canyon and Casitas water be passed on to users.

Shareholder Al West suggested a revised model of rate structures be presented to shareholders at the annual meeting. Shareholder John Battel asked for firm cost estimates on any capital improvements before agreeing to assessment. It was then explained that the Board was not requesting approval for any capital improvements at this time.

Proxyholder Mike Miller wanted to recognize the General Manager of Casitas and thank him for coming to our meeting.

Discussion was briefly made as to the status of the Red Rock Ranch lawsuit, as well as the situation with the Raz property.

Bruce Botnick suggested members leave their email address with Senior Canyon for future communications.

Former Manager and Shareholder Nelson Sorem indicated that in the 2004 board meeting, a rate structure could have been implemented that could have generated additional revenue but was not approved. Motioned to adjourn by Shareholder Muriel Lavender and seconded by Shareholder Bill Loehr.

Meeting was adjourned at 12:30 p.m.