Senior Canyon Mutual Water Company
PO Box 600
Ojai, CA 93024

April 6, 2024 UPDATES

Dear Shareholders,

Here are the latest developments in our Company:

Update #1 Water Production and Purchases

Potable water production from the Tunnel, West Fork, and North Fork, for March, 2024, was 26.4 acre feet, while we purchased 0.3 acre feet from Casitas Municipal Water District(CMWD). 26.4 acre feet is equivalent to 1,149,984 cubic feet and 8,601,880 gallons. Current monthly production has decreased from 38 acre feet in December, 31 acre feet in January, and 21.2 acre feet in February, which is to be expected since the agricultural and yard demand has gone down with the cooler weather and the rain. Our monthly total has now started to slowly increase again. Our canyon continues to produce about 400 gallons/min, with most of this water going to the ocean. The ag Canyon wells have not been used for over a year, and the Reservoir is full.

Update #2 Tunnel Grant

Slow progress has continued in obtaining the necessary permitting for the Tunnel renovation project. This is a $2.65 million fully refundable grant from the California Department of Water Resources (DWR). We hope to begin work in early June, 2024, and current projections are that the work will be finished in December, 2024. While this grant is refundable, SCMWC must first pay for the contracted work, and then file for reimbursement from the State. This process can be slow, which can cause problems for us with cash flow. We have secured a $750K line of credit to help us get through this project and the FEMA projects.

Completion of the Tunnel renovation will mean that the Tunnel is safe and secure for the future, and we anticipate the renovation will increase the volume of water produced. This project is being overseen by Mike Weaver, Board Secretary, who also spearheaded the new 700,000 gallon Thacher water tank installed in August, 2020. Adam Kear, Board general counsel, is working closely with Mike to navigate the legal aspects of this project.

Bvg6Update # 3 FEMA Grants

Ordinarily, we would not choose to take on more than one grant at a time. But Mother Nature had other ideas, and last year our Canyon sustained close to $2M in damages from the over 50 inches of rain we received. Fortunately, the Federal Emergency Management Agency, FEMA, has stepped in to help us repair the damages to our system. Mostly, FEMA covers 75% of the repairs, and the Company has to absorb the other 25%. That is a challenge for us in itself, but that challenge is compounded by FEMA being very slow in reimbursing the money owed us. So far, about a year after the repairs began, we have

received only about $90K from FEMA, and we are due about $350K more. We have to receive a good chunk of this money before we can begin the new projects that have not yet been started. The process is frustrating, to say the least.

<u>Update #4 Finances</u>

<u>Water Sales</u>: In March, 2024, we sold just $8,886 of water, while our fixed revenue from the $100/month service fees brought in $25,900. In a typical late summer month, our water sales would be far greater. For example, in October, 2023, we sold about $75,000 of water. Having all this rain is wonderful, of course, but when revenue is so dependent on water sales, it makes our finances a more challenging juggling act.

<u>Insurance Refund</u>: In December, 2023, we received an insurance payment for a lawsuit that was settled, and the Board voted to refund $269,000 of this payment back to our shareholders. This would be about $239 per share. Due to the reimbursement timetables being so unreliable on both the FEMA and the DWR Grants, the Board has decided to wait to issue these refunds until our cash position becomes stronger. We will issue these refunds just as soon as we deem it appropriate and manageable For some shareholders needing this refund, this wait has been unfortunate, and we are sorry about this.

<u>Future Suppply</u> The Board continues to maintain that the long term financial solution for our company is to drill up to three more deep water wells to greatly reduce our dependence on CMWD. We know that CMWD will be continuing to raise their fixed rates and usage charges. Drilling a new well will cost roughly $200,000 depending on the location. A well producing 150-200 gallons per minute of potable water would pay for itself in just a few years.

<u>Update # 5 Annual Meeting</u>

On Saturday, April 27, 2024, at 9 am, we will be convening our annual meeting at Monica Ros School at 783 McNell Road. Packets for this meeting will be mailed by April 17, 2024. We encourage all shareholders to attend. To carry out company business, we need to have a quorum (majority)of shareholders present or represented by proxy.

Happy Spring!

For the Board,

Peter Thielke
President