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To: The Members of LPMWC

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**Subject:** Another Misleading Document from Tracy Sardad

***The Board receives emails from these two members on a frequent basis and does not send a response out to the members unless we feel it's necessary, as we are all tired of this back and forth between the recall group and the legitimate Board.***

Another misleading document has been issued by Tracy Sardad and this time she has brought along another follower in the form of the Inspector of Elections - Joe Babich. Before we address the incorrect facts/statements made by the Inspector let's address Tracy's nonsense. So, she is claiming the legitimate Board is stealing money almost on a daily basis and she has proof. Well Tracy, we're calling you out show us, the members of LPMWC, your proof. Quit saying you have something showing the current Board is stealing cause if you do you aren't doing the members you are trying to convince any good by keeping this to yourself. You showed what kind of a President you would make by letting members believe the State issued Boil Water Advisory wasn't legitimate, well step up and lead show some proof.

Tracy the current Board doesn't refuse to be recalled, in fact we have stated on several occasions that members have the right to recall, but the bylaws must be adhered to. Apparently, you have a problem reading and making the determination of the procedures to be followed? Perhaps you should spend more time reading the bylaws or getting some qualified assistance. You have stated something correct in your latest statement of misleading facts which is the bylaws do state that there should be 7 members on the Board. What you fail to state is that the 7-member Board was changed in April 2020 to 5 members when your husband, Dary Sardad, was President of the Board. Why is that omission left out?

So, Joe Babich, the latest position he supposedly held for LPMWC members was inspector of elections for an illegal recall effort. Which by the way the bylaws state the inspector shall perform his duties "impartially." Not sure if Mr. Babich meets the requirement of an impartial person given his statements concerning members of the Board. He too apparently has a problem reading and understanding the bylaws. He states that Mark Nuss attended a Board meeting while in Texas by phone. Apparently, Mr. Babich has not read the bylaws Article 7.02 which state:

7.02. Meetings by Telecommunications Equipment. Members of the Board may participate in a meeting by telephone, electronic video screen, or electronic transmission by and to the corporation.

(a) **Participation in a meeting through the use of conference telephone** or electronic video screen communication **constitutes presence in person at that meeting so long as all members participating in the meeting are able to hear one another.**

He also goes off on the Board for finalizing the grant from the State to upgrade and improve our facilities. Need we remind Mr. Babich that in 2017 the Board at that time initiated a rate study that resulted in an increase in rates beginning in 2017 and each year thereafter for just that reason, to obtain a grant to improve the facilities of the Water Company. And since 2017 the Boards that existed during all that time continued to pursue the State for grant money. Mr. Babich seems not to be aware that Mark Nuss, Laurie Myers and Pete Bishop were not on the Board of LPMWC in 2017, 2018, 2019 nor most of 2020. So why is it that now that construction has begun that you have a problem with the receipt of the State's grant money to improve our facilities? The improvements will increase our storage capacity from almost none to 360,000 gallons, will reduce our operating costs and improve the quality of our water.

Mr. Babich alleges kickbacks, as with Ms. Sardad, where is your evidence? If you have proof share it with all members, just don't throw out false statements unless you actually have proof, which we know you do not. He apparently has a problem with Mark Nuss being retired, gosh when did retirement become a crime? Mr. Nuss is over 65 years old so he can retire like a lot of members within the LPMWC community. In fact, we are confident that Mr. Babich is retired.

Another one of Mr. Babich's claims is "a new tank will go on the balance sheet as an ASSET and increase Mark's profit". Well, he is correct, the tank will be an asset of the Water Company that belongs to all members. However, where Mr. Babich comes up with Mark is going to have Nestles buy the Water Company so Mark can profit is total fabrication on Mr. Babich's part. One can only rationalize his thinking as something Mr. Babich is dreaming of doing should he somehow become a Board member. What he isn't aware of is that the grant loan would be required to be paid back to the State, furthermore the State would have to approve such a sale, which is highly unlikely. Maybe Mr. Babich should reach out to his contacts at the State to inquire if this is possible.

Both Ms. Sardad and Mr. Babich are apparently unfamiliar with Article 6.14 that addresses how Board vacancies are filled as was the case in the last election. Lee Roth and Mark Nuss were on the ballot and received most the votes that were cast. However, since there wasn't a quorum received, they had to resign their positions held at the time. They did so and were then appointed by the remaining directors. This unfortunately is not uncommon at LPMWC as typically there are not enough ballots received to meet the requirements of a quorum. Those members that were at the September Board meeting may remember Adam Morgan mentioning that this has almost always been the situation in our community. As stated, it is unfortunate that not enough members will participate in our elections. But Lee Roth and Mark Nuss were appointed to their Board positions in accordance with the bylaws of LPMWC.

Mr. Babich keeps bringing up the Brown Act and claiming that the Board is in violation of the Brown Act due to receiving State grant money to improve the water facilities. First the Brown Act requires local government business to be conducted at an open meeting. Mr. Babich is inferring that since LPMWC received a grant from the State that the act applies to LPMWC. What Mr. Babich fails to understand is the full context of the Brown Act in that the Board does not include a member of the agency that provided the funds. Thus, the Brown Act does not apply to LPMWC. Assembly Bill 240 and the bylaws are what govern LPMWC and those are being adhered to which apparently neither Ms. Sardad nor Mr. Babich fully understand. Mr. Babich makes an issue with the November 29, 2021, emergency Board meeting. The meeting was necessary to award the full grant bid to the contractor so that they could resume work in order to pour the foundation prior to inclement weather. The fact that it was, and documented by

minutes, should give credibility in the manner in which the Board conducted itself. Furthermore, the bylaws allow for the Board to award construction contracts, again the State approved to award the bid by the contractor that is constructing the improvements as was documented by the Board.

Mr. Babich also falsely states that the current Board voted on and approved that the properties on “stand by fees” will no longer get to vote on matters of this community. Where is Mr. Babich getting this incorrect information? Perhaps it is because he hasn’t fully read the minutes from the March 27, 2021, Board meeting? Our bylaws do not allow for that. However, if it were to happen it would require a vote by ALL members and necessitate a change to the bylaws governing LPMWC. So, Mr. Babich can you let us know where your erroneous claim is coming from? We would sure like to know your sources of this claim as well as the selling of the Water Company to Nestles.

Finally, aren’t we all getting tired of the spreading of false information by certain individuals within our community? Shouldn’t we be upset that a group of individuals led an illegal effort to recall a volunteer Board who has done all it can to make meetings open to the members? Shouldn’t we be upset that this illegal effort led to the unnecessary expenses, endangered members health by causing the State to issue a boil water advisory and claiming it wasn’t valid? Wouldn’t the entire community be best served if these disgruntled and misguided members would participate in Board meetings and be part of the solution versus causing so much unnecessary disruption within our community? And for the record, Ms. Sardad and Mr. Babich have each only attended one of the Board meetings held in 2021/2022.

One last FYI, the recall group’s self-appointed Board still has not signed the document require by Mechanics Bank to unfreeze the Company’s bank accounts. As such the Company is being forced to seek a court order to make this happen. In the meantime, our employees and vendors continue to be impacted by our inability to pay all of the Company’s obligations and we continue to incur additional expenses due to the recall groups actions.

If members feel their money is not being used properly, they have the right to inspect the financial records of the Company, it is stated in Article 12.02. Mr. Babich is correct in one thing and that is members should read the minutes. Better yet members should participate in Board meetings and not let rumors and false statements lead them to making bad decisions.