

**MINUTES OF THE REGULAR QUARTERLY MEETING  
OF THE BOARD OF DIRECTORS  
OF LAZY H MUTUAL WATER COMPANY  
ON JULY 12, 2016**

The regular quarterly meeting of the Board of Directors of Lazy H Mutual Water Company was held at the Yuima Municipal Water District Board Room on, Tuesday, July 12, 2016 at 3:00 p.m.

Regular Quarterly Meeting  
07/12/2016

**1. ROLL CALL – DETERMINATION OF QUORUM**

Call to Order  
3:00 pm

President Maher called the meeting to order at 3:00 p.m.

Directors Present:

Present: 5

Continelli, Maher, West, Hall, and Cardone

Directors Absent:

Absent: 0

None

Others Present:

Others Present: 3

Lori A. Johnson, YMWD General Manager

Scott Groters, YMWD Operations Manager

Steve Merher, Shareholder

**2. APPROVAL OF AGENDA**

Approval of Agenda

No changes to the posted Agenda were proposed. President Continelli made a motion to approve the agenda which was seconded by Director Maher and carried.

**3. PUBLIC COMMENTS**

Public Comments

President Continelli opened the public comment period, noting that comments regarding specific agenda items would be taken up when those items are being considered. No comments from the public were forthcoming.

None

**I. INFORMATION/REPORTS**

**1. Board Reports/Meetings**

Board Reports/Meetings

None

**2. Operations and Maintenance**

Operations Report

Manager Johnson introduced Yuima's new Operations Manager Scott Groters to the board. She noted the Operations Plan is completed and was prepared by Todd Engstrand and accepted by the Health Department. It was noted that the plan should be updated annually. Operations Manager Groters noted that the

Lazy H Backflow test is now due. The board directed staff to send a backflow test sheet to Sergio Pedroza to perform the test. Discussion was held regarding the potential consolidation of the water system and the need to move the 9 meters. It was decided to put the service order on hold for now and revisit this in 2017 after the board has a better idea of when the system consolidation study will be completed.

3. Manager Johnson stated she will discuss items listed later in the agenda.

Administrative Report

## II. ACTION/DISCUSSION

1. Upon motion being offered by Director Hall, seconded by Director Maher and carried unanimously, the minutes of the April 12, 2016 regular quarterly meeting and the special meeting on May 10, 2016 were approved as written.
2. Director Hall reviewed the Yuima invoices with the board and noted that everything looks in order. Upon motion being offered by Director Maher, seconded by Director Hall and carried unanimously, the current bills due were approved for payment.
3. The financial statements for April, May and June were reviewed and accepted without comment.
4. President Continelli stated that there were no delinquent accounts presented that were of concern at this time.
5. SDCWA Fixed Charges Pass Through.

Minutes 04/12/16 Regular Quarterly Meeting, 5/10/16 Special Meeting

Bills Approved for Payment

Financial Statements

Delinquent Accounts

SDCWA Fixed Charges Pass Through

Manager Johnson explained to the board that the fixed charges assessed to Yuima from the San Diego County Water Authority have increased due to the increased imported water purchases. This is largely due to the drought and the loss of local supplies. Yuima's Board has adopted the same methodology used by SDCWA to determine the direct pass through cost of these fixed charges to its customers. Based on the direct pass through method which uses a 3 – 5 and 10 year rolling average of water purchases, Lazy H MWC will be paying \$7.92 per month from July through December, 2016 and \$1.62 per month from January through December, 2017 for its share of the SDCWA fixed charges. She noted that Lazy H does not purchase much imported water at this time.

6. Proposed Resolution Approving Agreement for Water Service with Yuima Municipal Water District.

Manager Johnson stated the annual contract with Yuima for services reflects an increase totaling \$1.46 per month. Upon motion being offered by Director Hall, seconded by Director Cardone and carried unanimously, *Resolution No. 16-1, Approving the Agreement for Water Service and Management Contract dated July 1, 2016 between Yuima Municipal Water District and Lazy H Mutual Water Company* was approved.

Res. 16-1  
Approving Water  
Service and  
Management  
Contract  
Agreement with  
YMWD

7. Proposed Resolution Amending the Rules & Regulations Governing Water Service Section 10 – Rates

President Continelli stated that the companies Rules and Regulations need to be updated with the rate increase adopted on May 10<sup>th</sup> to be effective July 1, 2016. Upon motion being offered by Director Maher, seconded by Director Hall and carried unanimously, *Resolution No. 16-2, Resolution Amending the Rules and Regulations Governing Water Service (Section 10 Rates)* was approved.

Res. 16-2  
Amending Rules &  
Regs  
Section 10 - Rates

8. Proposed Resolution for Bank Accounts Authorizing Signers

President Continelli stated that the new board members, West and Cardone need to be added to the Company bank accounts as authorized signers replacing Carey and Bobos. Upon motion being offered by Director Maher, seconded by Director Hall and carried unanimously, *Resolution No. 16-3, Authorizing Signers on the Bank Accounts* was approved.

Res. 16-3 Bank  
Account Signers

9. Commercial Property & Liability Insurance renewal for 2016/17

Upon motion being offered by Director Maher, seconded by Director Hall and carried unanimously, to renew the Property, Liability, and Directors and Officers insurance with Alteris Insurance Services, Inc. effective July 26<sup>th</sup> at a premium of \$2,047.

2016/17 Insurance  
JPRIMA

10. Update on Swing Gate at the Well Field entrance and Shade Structure over the Electrical Panel & old Electrical Panel Cleanup.

Director Maher updated the Board on the swing gate and shade structure. He stated that the posts are in and he will need some board members to help him with the shade structure material installation.

Swing Gate and  
Shade Structure

11. Update on the Sustainable Groundwater Management Act (SGMA)

Director Hall gave a brief update on the public agencies that are filing with DWR to be the Groundwater Sustainability Agency over the Pauma Valley Groundwater Basin. He stated that so far Yuima, Pauma, Mootamai and Valley Center Municipal Water Districts have or will have filed their notices

SGMA

of intent with the Department of Water Resources. The County has also indicated they plan to file over the entire Pauma Valley Groundwater Basin with the exception of the tribal land areas. He stated the next GSA workgroup meeting will be held August 3<sup>rd</sup> at the Rincon Tribal Hall.

12. Update on Study for Potential Consolidation with YMWD

Director Hall stated that at the May 10<sup>th</sup> Special Meeting of the Board, the board discussed potential consolidation with Yuima. He said there are grants available to study the feasibility of this and asked Manager Johnson to update the board on the Disadvantaged Community Planning Grant Program.

YMWD  
Consolidation  
Feasibility Study

13. SDIRWM – 2016 DAC Planning Grant

Manager Johnson stated that there are funds available under the DAC Planning Grant program. She stated that an application was submitted and she did a presentation for the \$265,000 she applied for on Lazy H's behalf to study the feasibility of consolidating the water system. Manager Johnson stated that there is a good possibility Lazy H may get selected for the grant award. We won't know until later this year. Director Maher stated that this community is going to have to replace a well soon and the water levels are still not recovering. We could spend close to \$200,000 and hit a dry hole. The overhead that was presented to the IRWM committee earlier in the day was passed out to the board members for review. President Continelli thanked Manager Johnson for all the work on this grant and the presentation on Lazy H's behalf. Manager Johnson stated she will keep the board informed as we move through the process and hope we will be recommended for an award of funds. There is only 5.4 million dollars and over \$20 million being requested. However, she believes the Lazy H project is exactly what the planning grant was designed for. She stated Lazy H might be required to do a Medium Income Study which could cost around \$2,500 but can be funded through the grant. We will want to consider getting this done if the grant is awarded so that if the shareholders decide to move forward and want to apply for construction funds the construction costs may be covered under a grant also.

DAC Grant

14. Proposed Resolution Formally Adopting the 2013 San Diego Integrated Regional Water Management Plan

Manager Johnson stated that in order to be considered for funding under the San Diego Integrated Regional Water Management DAC Planning Grant the Lazy H Mutual Water Company Board of Directors will need to adopt the IRWM plan as well as Lazy H's grant sponsors. She stated that Yuima MWD has already adopted the IRWM plan. Upon motion offered by Director Hall, seconded by Director Continelli and carried unanimously, Resolution 16-4 Formally Adopting the 2013 San Diego Integrated Regional Water Management Plan was adopted.

Res. 16-4 Adoptin  
the SDIRWMP

### III. OTHER BUSINESS

#### 1. Stock Transfers

Upon motion being offered by President Maher, seconded by President Continelli and carried unanimously, stock transfers between Partin #221 to Manriquez-Elizarraras #231 and Myers #180 to Simmons-Mazzetti and Smith #232 were approved.

Stock Transfers  
Partin to  
Manriquez and  
Myers to  
Simmons-Mazzetti

2. The next regular quarterly meeting is set for Tuesday, October 11, 2016 at 3:00 P.M.

Next Meeting:  
October 11, 2016

### IV. ADJOURNMENT

1. There being no further business to come before the Board, upon motion offered by Director Cardone, seconded by President Continelli and carried unanimously, the meeting was adjourned at 4:25 p.m.

Adjournment  
4:25 pm

  
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Kirk Maher, Secretary