

**MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS
OF LAZY H MUTUAL WATER COMPANY
ON AUGUST 31, 2016**

A special meeting of the Board of Directors of Lazy H Mutual Water Company was held at the Pauma Valley Community Center, 16650 Highway 76, Pauma Valley, CA on Wednesday, August 31st, 2016 at 6:00 p.m.

Special Meeting
08/31/2016

1. ROLL CALL – DETERMINATION OF QUORUM

Call to Order
6:01 pm

President Continelli called the meeting to order at 6:01 p.m.

Directors Present:

Continelli, Maher, Hall, West and Cardone

Present: 5

Directors Absent:

None

Absent: 0

Others Present:

Lori A. Johnson, YMWD General Manager

Others Present: 7

Shareholders:

Steve & Jinny Merhar

Ronda Hipshman

Maurine Martin (Duker)

Nathan & Jodi Smith

2. APPROVAL OF AGENDA

Approval of
Agenda

No changes to the posted Agenda were proposed. Director Maher made a motion to approve the agenda with no changes, which was seconded by Director West 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. ACTION/DISCUSSION

1. Workshop – Discuss Consolidation of Water System

Workshop

Director Cardone requested to read a letter of objection to the consolidation siting there were no pros or cons listed but instead a

question and answer sheet which he felt was not adequate. He expressed his concerns with the high levels of fluoride in the municipal water supply and requested to post his letter on the Lazy H Water Company website. He stated that he and Director West are NOT in favor of receiving the grant funds for the feasibility study and they are against consolidation. President Continelli granted permission to post the letter of objection on the web page so long as it was not represented as the opinion of the board. It needs to be clear it is from Shareholder West and resident Cardone.

Cardone's letter of objection to accepting grant funds and consolidation

President Continelli gave a brief background of the consolidation study grant that the Lazy H Board requested Yuima to apply for on their behalf. Yuima has been successful in securing a recommendation to award Lazy H \$254,600 in grant funds under the Proposition 84 DAC Planning Grant program to study consolidation of the water system. As part of the grant funding process the Lazy H Shareholders will be required to vote if they would like the Board to continue to study possible consolidation and accept the grant funding to pay for the study.

Potential Consolidation

Grant Funds

President Continelli introduced Yuima's General Manager, Lori Johnson and requested she provide an overview of the grant and address questions regarding the grant and consolidation study. Manager Johnson reviewed the grant application with those in attendance and answered numerous questions as part of the presentation.

President Continelli stated at this time the Board is trying to reach out to the shareholders to educate them on the issues facing the water company. He stated that this is the second informational workshop that has been held for the shareholders. He stated the question/answer informational sheet was mailed to all shareholders. President stated that a ballot will be mailed to the shareholders to vote if the Water Company should accept the planning grant funds and study potential consolidation of the water system. He reiterated that this is just a study to see what might be involved with the consolidation concept. After the study comes back to the shareholders there will be additional informational meetings to answer questions and see if the shareholders would like the Board to move forward with consolidation of the water system. In order to move forward with the grant a 2/3's affirmative vote of the shareholders is required.

II. ADJOURNMENT

1. There being no further business to come before the Board, upon motion offered by Director Continelli, seconded by Director West and carried unanimously, the meeting was adjourned at 7:11 p.m.

Adjournment
7:11 pm



Kirk Maher, Secretary