MINUTES OF THE ANNUAL MEETING OF THE SHAREHOLDERS OF CRESTVIEW MUTUAL WATER COMPANY

March 26, 2019

Convened Meeting

The Annual Shareholders Meeting of Crestview Mutual Water Company was called to order by Vice President Sol Chooljian at 6:07 P.M. at the Las Posas Country Club, 955 Fairway Drive, Camarillo.

Attendance and Quorum

Directors Present:	Sol Chooljian – Vice President Doug Off – Treasurer Roger Whitlock – Secretary Steve Gill – Director
Directors Absent:	Norm Fahnoe – President
Staff Present:	Robert Eranio – Consulting General Manager Lauri Marino – Office Manager Durrell McAdoo – Water Treatment Operator Chris Naster – Water Treatment Operator
Also Present:	Gregory Patterson, Corporate Counsel – Musick, Peeler & Garrett LLP

After a count of those shareholders present and proxies collected, it was determined that a quorum was present (1,249.4 required, 1,318.14 received).

Vice President Sol Chooljian (Encino Avenue) started the meeting by thanking Crestview's Staff and welcomed those shareholders present. Interested owners are invited to attend the monthly Board meetings, usually held on the fourth Tuesday of the month at the corporate office location at 328 Valley Vista Drive. He then introduced staff and board members.

Announce Appointment and Inspectors of Election

Lauri Marino, Durrell McAdoo and Chris Naster were announced as the inspectors of election. President Chooljian advised that the ballot count would be completed at the Company office.

Review Voting Procedures and Agenda

Lauri Marino advised that individual shareholders may vote by ballot and revoke their proxy at any time during the meeting until voting is closed. Shareholders holding multiple proxy ballots may place them in an envelope, to be reviewed against any proxy ballot already received; the proxy will be voted per the

instruction on the newest proxy ballot. Secretary Roger Whitlock (Ramona Place) certified that the notice of meeting was properly mailed as required by the by-laws of the Company.

Vice President Chooljian then reviewed the nomination and election procedures. Jim Lingl (Estaban Drive) requested that cumulative voting be adopted for in-person voting purposes at this meeting. Mr. Lingl, as a potential candidate, requested that all known candidates be placed on the proxy ballot in the future. Vice President Chooljian explained that each share held in the Company can be multiplied by a factor of 5 for voting purposes, as the Board has five seats. Jim Lingl objected to cumulative voting by way of proxy. Christine Cohen (La Patera Drive) requested that cumulative voting instructions be placed on the proxy ballot in the future. Further to that, Ms. Cohen asked that shareholders are afforded the courtesy of asking questions of the Board prior to the election of directors. On a motion by Jim Lingl (Estaban Drive) and seconded by Steve Lourenco (Encino Avenue), the majority of shareholders in attendance approved with the following:

> **Resolved**, that Shareholder Questions be moved from Item 10 to Item 3 at this meeting.

Steve Waldron (Avocado Place) asked why there were no shares on the substitute proxies he used that were not sanctioned nor created by Crestview. General Manager Robert Eranio responded that the proxy ballots sent to the shareholders in the first mailing from Crestview noted the number of shares held by each shareholder. Vice President Chooljian added that California Corporations Code applies to proxy ballots; all proxies received will be reviewed against Code by Crestview's corporate counsel.

Shareholder's Questions

Rafael Franke (Cerro Crest) inquired about why non-shareholder Doug Off is running for reelection. Doug Off explained that as a recent former Crestview shareholder, he has a keen interest in the Company's success. Sol Chooljian stated that per Corporate By-Laws, Board Members do not need to be shareholders. Board Members are volunteers, with a wide range of experience to effectively manage the Company. He further noted prior mismanagement of Crestview many years ago, much to the detriment of the Company. The current Board is dedicated to ensure the success of the Company. Steve Blois (Valley Vista Drive) stated that Crestview is lucky to have Doug Off.

Rafael Franke asked about annual water loss. Robert Eranio explained that Crestview's water loss at 4% is below industry standard. Glenn Boldrin (Avocado Place) asked about how water loss is captured on the Smart Meters. Robert Eranio stated that while the technology is advanced, some flows through meters can be outside of range that cannot be captured. He further advised that if shareholders have trouble signing on to Beacon, please call the office, and Staff can help. This technology gives shareholders more control and keeps gardeners in check.

A question was posed regarding Robert Eranio's employment status at Crestview Mutual Water Co. Vice President Sol Chooljian answered that Mr. Eranio transitioned from employee to consultant in 2015, and the result of this action saved the Company tens of thousands of dollars in benefits.

Ellen Smith (Valley Vista Drive) asked the three nominees to state their views regarding Well #7. Jim Lingl stated that based upon attending Board meetings, he knows there is a real problem with Well #4. Solutions include developing Well #7, repairs to make Well #4 more productive, or buy more Calleguas water. Based upon information he has, Well #4 needs to be replaced. Shareholder Steve Lourenco (Encino Avenue) spoke next. As a Board Member for numerous water districts in California's central valley, he understands water issues that many take for granted. He feels it is important to stay ahead of

it. The cost to drill a new well will not be less expensive in the future. A good supply of quality water is imperative. The attendees applauded. Candidate Alma Quezada (Lopaco Court) agrees that Crestview needs another well, but she is not sure if the current well location is best because of her unfamiliarity with underground infrastructure. She feels the same about Well #8. She appreciated recent communications from Crestview; stakeholder outreach is very important. She stated that if property value impacts are a question, Crestview needs to obtain a real estate expert for an evaluation.

Vice President Chooljian spoke about the history of why the Alviso lot was chosen, due to known water quality and proximity to existing infrastructure. In May 2016, Doug Off started talking to the Las Posas Hills HOA members about the proposed well, giving notice of our intent to drill a well at that location. Crestview is doing everything possible to make the site aesthetically pleasing. The site is beneficial for system fire suppression and safety due to the presence of an on-site emergency power generator. Further discussion ensued. Robert Eranio initially met with the immediate neighbors of the site to receive their thoughts. He felt his response addressed their concerns, but subsequently received a cease-and-desist letter. The project was revamped with a new design, sound, elimination of landscape walls, and access. The Company is committed to be good neighbors. Alma Quezada questioned why the Company is proceeding if the HOA's CCRs prohibit the action. Greg Patterson responded that if a solution cannot be reached, the CCRs can be condemned to add the ability to install a well. Discussion ensued. Christine Cohen asserted that when the lot was purchased, Crestview was required to follow the CCRs; she further stated that installing a well on Alviso Drive would condemn their way of life, and that Crestview must look for another location. Mike Rolls (Alviso Drive) addressed Doug Off directly and asked why he did not reach out to neighboring shareholders about Well #7. Doug Off and Robert Eranio made a presentation at the 2015 Las Posas Hills HOA Annual Shareholders Meeting about Crestview's intention to drill Well #7.

Further discussion ensued regarding the cease-and-desist letter received by Crestview from the corporate counsel of the Las Posas Hills HOA. Vice President Chooljian commented that he spoke to a number of the HOA members after the letter was mailed, and they were not aware of the HOA Board's opposition and cease and desist letter. Gregory Patterson stated that the letter is a legal action; further, the letter stated that arbitration could be attained. The cease and desist is a legal filing, as a step ahead of filing a legal action.

Rafael Franke stated that any structure on the Well #7 site can be camouflaged to blend in with the neighborhood. Further discussion ensued. Newton Friedman (Alviso Drive) made a motion to form a community group of invested shareholders to solve the issue regarding the opposition to Well #7, to reach a solution that would be amenable to all invested parties, right now, and that the group would stay in the building tonight until an agreement could be reached. The motion was seconded by Roland Bauer (Valley Vista Drive). On a vote of 17 nays and 10 ayes, the motion did not pass.

Michelle Troncoso (Alviso Drive) stated that at the initial neighbor meeting, the focus of discussion was not heavily on the well. Vice President Chooljian asked, specifically to the Well #7 adjacent neighbors, if they would ever accept a water well at Crestview's 191 Alviso Drive location. The neighbors responded very succinctly "<u>never</u>" on the record; under no circumstance do they want a well near their residence. Vice President Chooljian thanked Newton Friedman for his mediation attempt, but acknowledges that with the current climate, Mr. Friedman's idea would not work.

Vice President Chooljian invites all members of the HOA to work together; The Company is committed to serving all shareholders. Together with Robert Eranio, he assured the shareholders in attendance that Crestview will work with the neighbors to ensure a minimization of disruption and an attractive facility.

Steve Blois commented on the handout provided to shareholders in attendance about the status of Well #4; it clearly shows that the Well is nearly dry. The well can't be lowered any more, and the cost to import water from Calleguas is triple what can be pumped with Company wells. He stated that the Board looked everywhere for a suitable location for Well #7, and they know where a well will work and where it won't. Robert Eranio stated that Well #6 can't run all the time, and imported water cannot be mixed with Well #6 water due to chloramines.

Susan Mulligan from Calleguas Municipal Water District addressed the shareholders and the Board. Ms. Mulligan stated that Well #8 will be used in emergency situations such as an earthquake. She stated that water flows from Metropolitan Water through a tunnel in the Santa Susana mountains. She noted that a major disaster, such as an earthquake, could damage critical infrastructure and disrupt water deliveries. Calleguas trusts Crestview's Board and Staff, otherwise they would not partner to build Well #8 and provide major funding for it. Peter Nichols (Cerro Crest) asked about selling water to non-shareholders. Robert Eranio clarified that water is traded on a mutual aid basis in the case of emergencies, not sold or purchased. The water balances are referenced on Crestview's books as borrowed water.

Nominations for the Board of Directors

Vice President Sol Chooljian stated that the sitting Board has agreed to serve another term, along with the three new candidates. A question arose about the status of President Norm Fahnoe. Vice President Chooljian stated that President Fahnoe came to him recently and advised that he needed to take some personal leave, but he still desired to remain on the Board. Vice President Chooljian called for all ballots and proxies. Proxies were provided to Greg Patterson. He quoted Section 7514 of the California Corporations Code regarding the Form of Proxy or Written Ballot. Mr. Patterson noted that some proxies might be nonconforming. Laura McAvoy (Encino Avenue) stated a challenge to the form of the nonstandard proxy ballots. Vice President Chooljian then closed the nominations and advised that the results of the election would be reported to all shareholders by U.S. mail.

Approval of Minutes

Vice President Chooljian asked for a motion to approve the minutes from the 2018 shareholders meeting. Alma Quezada noted that a correction needs to be made to identify herself as the person inquiring about Saticoy Country Club's well that needs to abandoned. On a motion by Jim Lingl (Estaban Drive) and seconded by Steve Lourenco (Encino Avenue), the shareholders in attendance unanimously approved the following:

Resolved, that the Minutes of the 2018 Annual Shareholders Meeting be approved as amended.

Ratification of Acts of Directors – Resolution 2019-2

Vice President Chooljian asked for a motion to approve the acts of the Board of Directors since the last annual meeting; detail of each act was included in the mailing to the shareholders prior to the meeting. Discussion ensued. On a motion made by Steve Lourenco (Encino Avenue) and seconded by Jacqueline Waters (Crestview Avenue), the shareholders present unanimously approved the following:

Resolved, that all purchases, contracts, contributions, compensations, acts, decisions, proceedings, elections, and appointments by the Board of Directors since the annual meeting of the shareholders of the company on March 27, 2018 are hereby approved and ratified.

Crestview Accountant's Report

Treasurer Doug Off reported that Lindsay and Company CPA has completed an annual review for the Company for the fiscal year ended 2018 with no exceptions or qualifications noted, and that the summary financial statements were included in the mailing to Shareholders. The Company currently has approximately $1.5 million in cash, with assets at $1.648 million and liabilities at approximately $111,000.

Adjournment

On a motion made by Christine Cohen (La Patera Drive), seconded by Jacqueline Waters (Vientos Road) and approved unanimously, the meeting was adjourned at 8:31 P.M.

Respectfully submitted,

Roger Whitlock, Secretary

Approved by,

Sol Chooljian, Vice President