

Blue Lake Springs Mutual Water Company  
**ANNUAL SHAREHOLDERS MEETING**  
AGENDA  
JUNE 4, 2016 9:30am

**OTHER BUSINESS TO COME BEFORE THE MEETING:**

**1. Correct number of Directors**

Blue Lake Springs Mutual Water Company is applying for a USDA loan to finance, in part, infrastructure improvements to the water system.

The staff has been submitting documents to John Pedri of MC Engineering for the pre-application loan process to the US Department of Agriculture. One of the historical documents they requested was the "Articles of Incorporation" filed with the State of California. It was noted by the USDA lawyers that the **Articles of Incorporation, Article 4. DIRECTORS (a)** "states" **the number of the directors of the corporation is three.**

Legal counsel from both sides have been discussing this and research of historical documents has come up wanting. We know that the number of Directors was increased from 3 to 7 somewhere between 1964 and 1970, but the amendment was never filed with the State of California.

In order for the USDA loan pre-application process to move forward, this oversight of not filing an amendment to the Articles of Incorporation must be resolved.

Therefore, we are asking for a motion from the floor to amend **Article 4. DIRECTORS (a)** of the **Articles of Incorporation** of the Blue Lake Springs Mutual Water Company to read: "the corporation shall have up to seven directors."

**2. Confirm actions of Board**

We believe that all previous actions by the Board are valid, but for purposes of the loan, we would like the shareholders to ratify all prior actions.

Therefore, we are also asking for a motion from the floor to ratify all actions taken by the Board after it was expanded from a three-member Board.