

MINUTES OF THE ANNUAL MEETING
OF THE SHAREHOLDERS OF
CEDARPINES PARK MUTUAL WATER COMPANY

Pursuant to and regular notice given, a meeting of the Shareholders of the Cedarpines Park Mutual Water Company was held on July 30, 1966, at the hour of 2:00 o'clock P.M. After a computation, it was determined that a quorum was present and thereupon the President, Joe Beranek, Jr., acting as Chairman declared that the meeting was legally open. Thereupon, the Chairman asked the audience to rise and led the group in the Pledge of Allegiance to the flag of the United States.

Continuing, he remarked the Company had suffered a great loss with the death of one of the Board members, Mr. Joseph Bertucci, who passed away in December, 1965. The Chairman stated that Mr. Bertucci was a leading citizen of the community and had given much of his time in the interests of the Water Company. A moment of silent tribute to Mr. Bertucci's memory was requested by the Chairman and followed by all those present.

Mr. Beranek expressed the gratitude of the Company to Mrs. ~~Miss~~ Charlotte Bertucci for the use of the meeting hall. The various members of the Board of Directors were introduced to the audience, to wit: Messrs. Ziegler, Bieber, Oppen and MacNeil.

The Chairman thanked the Proxy Committee for its service in tabulating the proxies which were sent in. This Committee consisted of Mrs. Jackie Allen as Chairman and Mrs. Shirley Manary, and Mrs. Walter Ogle. The Chairman also announced that a record

of the meeting was being taken by a public stenographer, Miss W. Albright.

Thereafter Mr. Beranek explained, the rules which have prevailed at past meetings were again in order at this meeting, that is, that only those Shareholders in good standing would be allowed to vote or have a voice in the meeting. Elaborating on his declaration, he stated that all assessments shall have been paid by 5:00 o'clock P. M. on the Saturday immediately preceding the date of the Annual Shareholder's Meeting. He explained that this rule was set forth in the By-Laws, and there could be no deviations from this procedure.

At this point the Chairman introduced Mr. Walter Ogle who, in turn, introduced the following visitors; Mr. Sam Kalichman, State of California, Department of Public Health; Mr. Bernard Taylor, Supervisory Department, Office of the Commissioner of Real Estate; Mr. Joe Martin, County Health Department, and Mr. Hubert Webb, engineer engaged by the Company to make a certain investigations and studies.

Thereafter the Chairman introduced Mrs. Jackie Allen, Secretary of the Company and thanked her for her efforts during the preceding year.

Mr. Beranek asked Mr. Open, Assistant Secretary, to read the Minutes of the last Shareholders Annual Meeting. After a minor correction, the Minutes were approved as read.

The Chairman explained to the assembled group that the increase in assessments was made necessary due to the fact that the State and County Health Departments demanded that the water company bring the existing facilities up to current standards. He stated that unfortunately our community was subdivided at a

time when the State of California did not have regulations in force as they now exist. Today when land is subdivided State law requires that roads must be installed and water lines extended to each lot. The Chairman went on to state that since the water company was confronted with this major undertaking the Board negotiated with the authorities and obtained their permission to proceed with the improvements following a ten (93) year plan. A master plan was prepared by ~~Hubert~~ Albert A. Webb Associates, and the Chairman expressed his thanks to Mr. Webb for the work done by him.

The Chairman called upon Mr. Kalichman and asked him to comment on the situation, with the result that Mr. Kalichman pointed out that the present installation was considerably behind present requirements, but that the plan adopted was satisfactory although the improvements should go forward as rapidly as possible.

Mr. Joe Martin of the County Health Department stated that his findings were comparable to those of Mr. Kalichman, but that his department had more to do with the examinations of the water itself and the bacteriological composition thereof. He concurred that the plan devised was good and workable.

Also making comments was Mr. Taylor of the Real Estate Commission, who also agreed with the previous speakers.

Thereupon, Mr. Beranek called for questions from the floor regarding the plan which had been discussed and the program into which the company was entering. The following discussion ensued:

Mr. Trotter;
(1 share) The first man mentioned about other lines being close to the wells. What is considered a safe distance for a line to eliminate contamination?

Mr. Kalichman: No less than 100' away from the well.

Mr. Patten:
(2 shares) In this proposed year by year plan, the lots that don't have water now, will they have to wait or can they get water now?

Mr. Beranek: Dry lots can get water at this time by paying for the service, so much per foot, to their lot.

Mrs. Trumbo:
(16 shares) Why were the small lines installed in the first place? Last year we put in new lines, didn't we?

Mr. Ogle: These were pump lines.

Mr. Bogle:
(5 shares) Do you have any idea of how these assessments are likely to increase over the next 5 to 10 years?

Mr. Beranek: I wish I could know how much pipe will cost, how much labor will cost, or how much anything will cost during the next few years. The best we could do was estimate these costs.

Mr. Ziegler: Under the circumstances, it looks likely that we can follow our estimates of these assessments, unless we accelerate the program.

Mr. Axe:
)7 shares) What provision is made for those lots that have no paid-up shares? Will they help bear the burden of the assessments?

Mr. Beranek: Shares at one time were \$5.00 each. We petitioned the State to increase the cost of a share to \$50.00. We are now dealing with an attorney to petition the State Commission to increase the price of the shares. Therefore, those people standing by while we are building up the water company will have to pay more to become a part of our company.

Mr. G. Johnson:
(2 shares) Apparently Mr. Kalichman is of the opinion that there is a possibility that the wells would be contaminated by the other lines and might have to be abandoned. There is another source of water, but where? You said we had an underground supply that is ample.

Mr. Beranek: When we have a backlog and water is plentiful, we don't go out and drill wells. We never run out of water and always watch to see that we have sufficient water. When we get low, we go out and drill.

Mr. Johnson: Is it possible to get a chemical report on the water?

Mr. Kalichman: The chemical composition of your water is very satisfactory; I will be glad to show it to you.

Mr. Lescow:
(4 shares) Is each share the same amount when you don't use water as when you use it?

Mr. Beranek: The assessments are the same. There is another charge for the water when you use it. Assessments are the same for each share on a vacant lot as on an occupied lot.

Keel
Mr. ~~Cain~~: Why couldn't it be based on the water meters, (2 shares) everybody on a more equal assessment.
10

Mr. Beranek: Every share pays the same assessment and those who have improved lots pay for the water used.

Keel
Mr. ~~Cain~~: The people with 10 shares pay as much as those with 1 share. We don't use any more water.

Mr. Trotter: What portion of the property owned has shares and what portion does not own shares?

lots
Mr. Beranek: Approximately 2000/have water shares and we have about 4000 dry lots.

Mr. Trotter: I think everyone should be assessed for water rights.

Mr. Beranek: We have no control over this, unless we have a water district. I would like to find a solution.

Mr. Trotter: I tried to buy a lot next to me but they heard about the Feather River water project and raised the price. I think dry lots should pay their share as well as those being assessed.

Mrs. Gordon:
(6 shares) I am gone about 6 months out of the year and have the water shut off. If there is no usage for 6 months, it seems that it should be lower for the period of non-use.

Mr. Beranek: We checked with other water companies and they treat their people the same as we do.

Mrs. Gordon: But I am only up here 6 months out of a year.

Mr. Beranek: We simply can't work out a category for all types of people. We do the best we can.

Mr. C. West:
(4 shares) When I bought my property, I was told that I could not sell or build another cabin. Why would I want

4 shares of water with only 1 improvement on the property?

Mr. Beranek: Our bylaws state that you must have one water share for each 3000 feet. Come by the Water Company office and we will discuss it with you.

Mrs. Willits: What is the approximate minimum of water used as compared with the other companies up here?
(3½ shares)

Mr. Ziegler: Right now, we are on the same basis as Crestline, 250 cu. ft. for \$2.50. Running Springs is the highest.

Mr. Slack: Do you have any ideas for budgeting expenditures to improve the water system in the next 10 years? (4 shares)
Is this divided by 10 for the annual appropriation? What is the amount?

Mr. Beranek: The overall figure is approximately ½ million dollars.

Mr. Webb: To operate the system in order that you can get supplementary water will cost \$153,000. This facility will be under construction for the next 10 years and will cost approximately \$10 to \$20 thousand a year. Beyond this, it is very difficult to estimate. To upgrade the entire system it is estimated to cost approximately \$290,000. more.

Mrs. Trumbo: How much do you figure this will raise the tax value on our property?

Mr. Beranek: I can't speak for the tax assessor.

Mr. Johnson: Has any study been made on financing this? Is assessment the only answer?

Mr. Ziegler: We are not a taxable water district and can't get Federal aid. We cannot float bonds since we are not a water district. It seems the best way to finance it is the pay as you go plan.

Mr. Beranek: Are there any other questions of these gentlemen? If not, I would like to release them.

Mr. Pfeiffer: Are the names of the members available to any of (10 shares)
the members of the company?

Mr. Beranek: I have not discussed it with the Board, but I am not opposed to providing members' lists to the membership.

Mr. Ross: (4 shares) If an amendment to the bylaws was proposed, would it have to be presented to the Board prior to the annual meeting, or can it be introduced to the members?

Mr. Oppen: It is not necessary to go to the Board to amend the bylaws.

Mr. Ross: By sending an amendment to the Board, could it be included in the annual letter to shareholders, stating that it was being brought up at the annual meeting?

Mr. Beranek: I would be happy to include any such statement in a letter to the Shareholders.

Mr. Oppen: It would seem that some of us have the wrong idea about things. This is a mutual company which means that it is our company, governed by a Board of Directors which we elect. The Board of Directors serve, without pay, in the interest of all the Shareholders to run your company for you. The Board is certainly not opposed to you.

Mrs. Trumbo: We can drill our own wells. We grant our water to the company. Does this mean I can go out and drill my own well?

Mr. Oppen: As far as I know, there is no law that prevents anyone from drilling a well on their own property.

Tiroux:

Mr. ~~Tyrone~~ (6 shares): Why does it take so long? They have not only condemned our water system but tell us it is falling down around our ears. Why not make periodic checks before it costs too much to repair?

Mr. Kalichman: I went over this system for the first time about 4 years ago. The records at that time were not so complete that you could tell what was happening. One of the problems is that we don't have enough men to check all the water systems. Some of the systems are deficient when we check them.

Mr. Thomas: If you knew this 4 years ago, how come we are just now finding out about it?

Mr. Beranek: We had to find out how much had to be done. We had to retain an engineer to work out a plan and submit it to the State for approval before we could go any further.

Mr. Bieber: The Crestline-Lake Arrowhead Water agency has

negotiated with the state for Feather River supplementary water. We have the choice of using so much when we need it. That is a County District. We are a mutual company here and we own this company. We have to raise our own money. If we attempted to form a water district, we would be able to assess at \$1 per 100~~0~~ which would give us \$10,000 a year to update our water system and this would take 30 to 40 years. It is just not feasible to do this.

Mr. Beranek: Are there any other questions? If not, I would like to express our appreciation to these gentlemen for their time and their recommendations. Is there anything else under the heading of old business that should come before the meeting?

Mr. Axe: Since the last meeting we elected 2 Directors and there have been some changes. For the benefit of the members, name the Directors and tell how they were elected.

Mr. Beranek: The bylaws state that to serve on the Board you must be a landowner and have shares in the company. Upon Mr. Bertucci's demise in December, Mr. Arthur Macneil of Whittier was appointed to replace Mr. Bertucci. Is there anything else under the heading of old business? I now call upon Mr. James Oppen.

Mr. Oppen: At 10 AM this morning, the Board of Directors met and was confronted with an emergency situation because of the apparent lack of a quorum to hold a legal shareholders' meeting. The bylaws provide that in order to legally conduct business at a Shareholders' meeting, there must be a majority of shares present to constitute a quorum. In tallying the shares from the various proxies received, the Board only counted 1212 shares. We appeared to be about 250 shares short of a quorum. This is a problem that most mutual water companies have in common. In 1965, the State Legislature changed this law as follows:

(Here, Mr. Oppen read Section 2211 from the California Corporations Code).

This means that the Legislature has allowed mutual water companies to do business if 20% of the outstanding shares are present. Our current bylaws provide that in certain areas, they can be amended only by vote of the Shareholders. Other sections can be amended by the Board. From the problem of this morning, we anticipated that this

could be the last year we would be able to get a quorum of Shareholders, according to our bylaws. A number of people gave their proxies to persons who are not present at this meeting. We have a responsibility to the Shareholders to provide you with water and we intend to discharge this responsibility. In compliance with the new legislative law, I propose that the bylaws be amended. I hereby move to amend the bylaws, Article I, Section 2.

(Quorum, I, Section 2.15)

BE IT RESOLVED, that Article 1, Section 2 of these bylaws be amended to read that 20% of the shares issued outstanding, in good standing, represented in person or by proxy, shall constitute a quorum for the transaction of business.

I propose to leave in the wording "each shareholder shall be entitled to one vote for each share standing on the books in his name."

Mr. Beranek: Do I hear a second to this motion?

Mr. Stotz: How many shares would this 20% be?
(4 shares)

Mr. Beranek: 20% of 2953, about ~~500~~ 590 shares.

Mr. Stotz: I do not think 20% would be sufficient.

Mr. Beranek: Evidently the State Legislature thinks it sufficient. As it now stands, our bylaws call for 50% of the shares present to hold a legal meeting.

Mr. Evans: I would like to remind the Shareholders that in the past there was a period of 10 years in which your water company continued to operate without being able to get a quorum to hold a Shareholders' meeting. Finally, they got out and contacted all the people. But it took 10 years to get a quorum. I think that this proposed amendment is a good thing.

Mr. Beranek: They were running the company without reporting to the Shareholders. This is the reason for the proposed amendment.

The motion has been made and seconded. May I see a show of hands for the vote. I pronounce the motion adopted by a large majority.

Mr. Oppen: At the time the Charter for the water company was granted, under Articles of Incorporation, Article 5 stated that "after 50 years, this corporation

would die a natural death because it's term would have expired." This means that this Article must be amended before 1973 when the 50 years expire. I think at this time we should amend Article 5 of the Articles of Incorporation. I hereby move to amend this article to read "that the company shall exist until its dissolution by action of 3/4 of its shareholders, or by action by the State of California, acting through any of its divisions."

- Mr. Campbell: Why is it necessary to have the State of California dissolve us?
- Mr. Oppen: We are chartered as a corporation under California law and if we don't go by the corporations code, the State will dissolve us.
- Mr. Evans: Why the 75% figure?
- Mr. Oppen: I originally drafted the resolution using a 2/3 figure, but it occurred to me that in most corporations, the number for dissolution is mostly 3/4.
- Mr. Beranek: The motion has been made and seconded. May I see a show of hands for the vote. I pronounce the motion adopted by a large majority. Are there any questions.
- Mr. Lening:
(3 shares) The two amendments we just adopted: will the State have to approve them before they are legal amendments?
- Mr. Oppen: We notify the state that we have amended our by-laws and unless they find something radically wrong, approval is mostly a matter of course.


The President then called for the election of two Directors because of vacancies occurring as a result of the expiration of the terms presently occupied by Mr. Beranek and Mr. Ziegler. Mrs. Merritt nominated Mr. Ziegler for the office of Director, which nomination was immediately seconded. Thereafter Mr. Oppen nominated Mr. Beranek for the office of Director, which nomination was also immediately seconded. Mr. Thomas thereupon nominated Mr. Frank Nardi for the office of Director, and again the nomination was immediately seconded.

The President called for further nominations but there were none, whereupon on motion regularly made and seconded nominations were closed. Ballots were distributed to Shareholders of record in good standing and were tallied by the voting committee consisting of Mr. James Thomas, Mr. E. A. Evans and Mr. D. J. Slack. After computation of the votes cast the following results were indicated:

Mr. Ziegler	1307 votes
Mr. Beranek	1609 votes
Mr. Nardi	390 votes

Thereupon the President declared that Mr. Ziegler and Mr. Beranek were duly elected as Directors of the Corporation.

There being no further business to come before the meeting on motion regularly made and seconded the meeting was adjourned at 5:00 o'clock P.M. sine die.


Secretary