

MINUTES OF THE ANNUAL MEETING OF
THE SHAREHOLDERS OF THE CEDARPINES PARK MUTUAL
WATER COMPANY ON JULY 28, 1984

A regular meeting of the Shareholders of the Cedarpines Park Mutual Water Company was held July 28, 1984, at the Crestline Lake Arrowhead Water Agency, 24116 Crestforest Drive, Crestline, California. 49 Shareholders were present.

Mr. Clark Fisher, President of the Company, called the meeting to order and led the audience in the salute to the flag.

President Fisher welcomed the Shareholders and thanked them for showing their interest in the Company by attending the meeting.

President Fisher introduced himself, the Directors (Joan Brewer, Thomas Sutton, Gary Remmers, and Bud Middleworth (absent)), the employees of the Company (General Manager Gary Forth, Secretary Treasurer Lois Barker, Field Assistant Reuben Smiley, and Assistant Secretary Anna Cedars. (absent))

President Fisher stated a quorum had not been reached. In 1966 the Board, at the Annual Meeting, attempted to change the quorum requirements from 50% plus 1 to 20% of all shares outstanding. The change was adopted but we have now found the change not to be lawfully amended, therefore 50% plus 1 of the total number of shares outstanding must be represented to conduct a legal meeting. The Water Company has issued 4030 shares and only 886 $\frac{1}{2}$ have proxies have been counted. We do not have enough proxies to conduct a legal meeting. We can adjourn this meeting for 45 days and try to get additional proxies so a legal meeting can be conducted. Business Reports can be given. There are two Directors whose terms expire at this meeting. The Board can appoint two interim Directors for 45 days. Since Rocky Beria has received the most proxies (159) the Board may appoint Rocky Beria or Beria may select someone else. The Board would like to appoint Mr. Clark Fisher as the other interim Director.

Director Remmers read the July 26, 1984 letter from Attorney Mike Riddell concerning the quorum.

Numerous Shareholders asked the Board Members and Company employees various questions concerning the quorum and proxies.

The minutes of the 1983 Annual Meeting were read by Director Gary Remmers.

President Fisher informed the Shareholders that (1) we now have 666 metered services (2) from May 1983 to May 1984 our customers have used 22,437,735 gallons (3) in the last fiscal year we have sold 79 new shares and completed 86

when the backhoe is being repaired. President Fisher suggested the field help not be laid off since there is enough work to be done that does not require the backhoe and it is hard to find good help.

On a motion by Sutton, seconded by Remmers, and unanimously carried, it was RESOLVED to have General Manager Forth have the Case backhoe's transmission repaired at a top estimated cost of \$3500. If the repair is more, the cost will come out of the backhoe fund per the approved fiscal budget.

Vice-President Brewer asked General Manager Forth if services have been connected or when the W Buckthorne and Fern Canyon line was to be operational. General Manager Forth stated he did not have the necessary 20,000 gallons of water to spare to flush the line in this dry season. When the water is available, the line will be ~~connected~~. *Charged. Connected.*

Director Beria asked about the free flowing water around the Sawpit tanks. General Manager Forth stated the water is the overflow from the Sawpit well. The cave supplying the water at Sawpit has not been found. Rocks have blocked the flow and the cave needs to be cleaned out. General Manager Forth suggested the Company fly Walt Ogle down from Washington and help us locate the cave and answer various questions about the water lines in Cedarpines Park.

Vice-President Brewer suggested our attorney be at the September 8th meeting. Board members disagreed and felt the attorney should only come up after the Board has decided what questions about the Company, the Bylaws, and shares, need to be answered. He will also be asked to give suggestions to deal with matters that relate to the law.

Director Beria questioned the legality, per Robert's Rules, of a proxy printed on the back of a postcard. Board members did not know of any rule that prohibited the proxy-postcard.

President Fisher asked General Manager Forth how the quorum problem came about. General Manager Forth stated that (1) a shareholder brought it to his attention, (2) he had the Company attorney research it, (3) per a Director, the information was put in a written letter from the attorney, and (4) the letter was given to the Board.

President Fisher stated and the Board agreed that General Manager Forth has the right to protect the Water Company by contacting the Company attorney without Board approval. General Manager Forth and Secretary Barker need to educate the continually changing Board members so the Board can operate within the guidelines of the State of California and the Dept. of Corporations.

The Board felt last year's unsigned letter about share problems and this year's quorum problem were created by the same shareholder. General Manager Forth stated he knew it was not the same shareholder.

President Fisher stated he felt any shareholder had the right to express his dislikes or likes on company procedures at any Company meeting. Board members should be able to handle any comments from shareholders.

Secretary Barker stated the attorney had reviewed the Bylaws, in part,