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Board Reviewed
7/11/95

NOTES OF THE SHAREHOLDERS' ANNUAL
NON-BUSINESS MEETING OF THE
CEDARPINES PARK MUTUAL WATER COMPANY
HELD ON SATURDAY, JULY 30, 1994

The Annual Shareholders' Meeting of the Cedarpines Park Mutual Water Company was called to order by President Fawley on Saturday, July 30, 1994, at 1:35 P.M. in the auditorium of the Valley of Enchantment Elementary School. Present were Directors Fawley, Brumfield, Friedman, Fisher, and Hull; Field Operations Manager Dilley, Office Manager Barker, Office Asst. Forth, and 39 shareholders.

Director Fisher led the audience in the salute to the flag.

President Fawley asked the shareholders to bring any proxies not already counted to Office Manager Barker. Office Manager Barker was then instructed to proceed with the official count of the proxies.

President Fawley introduced the Directors and staff of the company.

President Fawley informed the shareholders that (1) Notes of the July 1993 Annual Meeting are available at the office. (2) There are 740 services now, down one from last year. (3) From July 1993 through July 1994 our customers used 23,574,000 gallons of water. (4) 54% of the houses in Cedarpines Park now belong to fulltime residents. (5) The federal loan/grant will be discussed at regular monthly Board meetings. (6) Currently there are 4263 water shares outstanding. 2132 shares must be represented in person or proxy to hold a business meeting today. Today we only have 1167 shares represented. We cannot conduct a business meeting but we can have a question and answer period.

President Fawley introduced the candidates for Directors: James Lasby, Jose Jimenez, Paul Brumfield, and himself. Since there is no quorum today an election cannot be held. The Board members will choose 2 candidates to be Directors for the term of 3 years.

Shareholder Striegel, 4 shares, asked where we buy our water from. President Fawley informed him we buy water from the Crestline-Lake Arrowhead Water Agency when needed. However, we continue to update our wells for better local production of water.

Shareholder Jenkins, 4 shares, asked if the standby charge from CLAWA was permanent. President Fawley stated it was permanent since it was a voter passed bond issue.

Shareholder McCutchen, 3 shares, asked why the assessment fee was changed to a flat membership fee. President Fawley stated the Board felt it was a more equitable charge. The change did not effect your voting rights. Director Friedman stated much time, effort, and research went into the decision to change to a membership fee.

Shareholder Kading, 6 shares, asked what it would take to change the quorum amount so we could have an annual business meeting. President Fawley informed him any shareholder, stating adequate reasons, could petition the court to lower the quorum. Director Friedman stated it takes an unanimous vote of the shareholders to change the quorum requirements in the By-laws.

Shareholder Striegel, 4 shares, asked if all our water lines on Jobs Peak are updated. President Fawley stated no, but we continue to update on a yearly basis. Office Manager Barker stated there is both a 6" and an 8" water line on Jobs Peak Road.

Shareholder Joseph Smith, 6 shares, asked the Board to define standby (CLAWA's annual parcel billing). President Fawley stated it is a fee from CLAWA that brings water up to the mountains so, if needed, water companies can buy the water from the state.

Shareholder Fisher, 8 shares, stated that the washed out area along Burnt Mill has been repaired by CLAWA.

Shareholder Turpin, 18 shares, asked if we can get water into our system as fast as we could use it in a fire situation. President Fawley stated we can get up to 70 GPM from CLAWA if needed.

Shareholder Jenkins, 4 shares, asked if the Board could petition the court if the shareholders got together and requested the Board do so. President Fawley stated it would be costly but it would depend on the reasons behind the petition. Office Manager Barker reminded shareholders that in 1991 the Board sent our ballots to all shareholders to lower the quorum. The shareholders' response was not to lower it.

Shareholder Estes, 3 shares, asked if recent fee changes are costing us money. President Fawley informed him the \$120 membership fee is designed to be revenue neutral (same amount of money as a \$24 per share assessment fee). A water meter installation for a new service is now \$5000.

Shareholder George Miller, 4 shares, asked where shareholders' money goes. President Fawley informed him it goes for the general operation and maintenance of the company as well as for state mandated improvements of the water system. Currently \$156,000 is needed for yearly improvements.

Shareholder Turpin, 18 shares, asked what the shareholders are missing if there is not a quorum at an annual meeting. President Fawley stated the shareholders cannot hold an election for the Directors. Also no business meeting can be conducted. Shareholder Turpin also stated he felt the water company was doing a good job.

Shareholder Oversby, 7 shares, asked if there was any moratorium on selling shares. President Fawley stated we can only sell shares on land abutting an adequate sized main and that has a hydrant flow of 500 or more GPM.

Shareholder Fausto, 2 shares, asked who monitors the company's cross connection/back flow program. President Fawley stated Field Operations Manager Dilley and Office Manager Barker monitor the backflow devices to see that they are tested annually.

President Fawley informed the shareholders the local fire department is purchasing land behind the water company's office to erect a fire station to be manned 24 hours a day.

President Fawley reminded everyone that regular Board meetings are held the first Tuesday evening of each month. Monthly agendas are posted on the office door.

President Fawley thanked all the shareholders for participating at this meeting. There being no further discussions, the meeting adjourned at 2:45 P.M.


Secretary