

May 11, 2011

**Cedarpines Park Mutual Water Company
Shareholder Complaint to the Board of Directors about Ronald Albright
Failure to Remove a Board Member that is Not in Good Standing**

CEDARPINES PARK MUTUAL WATER COMPANY

P.O. Box 9259, 21853 Crest Forest Drive
Cedarpines Park, CA 92322

BOARD OF DIRECTORS

Perry Dahlstrom, Wilfred Steiner, Don Pederson, Paul Hartman

SUBJECT: Shareholder Complaint to the Board of Directors about Ronald Albright

BASIS OF COMPLAINT: Failure to remove a Board Member that is Not in Good Standing.

Ronald Albright is NOT a Shareholder in Good Standing because he does not own the correct number of shares for contiguous lots to his metered account. Mr. Albright should own 9 shares instead of 5 shares. The Board had an obligation and duty to remove Mr. Albright from Board Service upon notice by the Shareholders of the insufficient shares. Mr. Albright has never been a shareholder in Good Standing because he has never owned the proper number of shares therefore more importantly has never been eligible to serve on the Board.

The CPPMWC By-Laws and Rules & Regulations have no provisions defining an exemption to purchase shares based on the Lot location and its relationship to a Well Protection Zone. **It would be a dangerous and costly precedence if the Board allows a "special exemption to purchase shares" based on no established policy.**

ACTION REQUIRED BY THE BOARD:

By the May 19, 2011 Regular Board Meeting the Board should have REMOVED Mr. Albright, by acceptance of his resignation, from the Board and FILLED that vacancy from the remaining pool of vetted candidates from the September 18, 2010 Shareholder Annual Meeting which includes Glen Dark, Sandy Segalla, and Lynn Chen. The selected candidate will serve out Mr. Albright's remaining term. The resolution offered is justified because the Three (3) qualified and vetted candidates were cheated from selection and consideration due to the improper or lack of vetting of Mr. Albright.

The water company will bill Mr. Albright's account for the total cost of \$2,000 (\$500 per share) for the 4 shares outstanding and all applicable penalties in regard to that transaction. Mr. Albright will then be considered a Shareholder in Good Standing when the required number of shares owned is in compliance with the company By-Laws and Rules & Regulations.

The Board has an obligation to "correct a wrong, and make it right". Board members have no special privileges or exemptions. Shareholders have a right to expect ethical behavior from their Board of Directors. There is simply no substitute for honesty and common sense.

Mr. Albright should own 9 shares instead of 5 shares and his Board replacement should be selected from the remaining pool of candidates that were harmed by the fouled audit and deception.

The Complaint Narrative and supporting Exhibits are attached to this cover letter for your review.

Thank you for your attention to this matter.

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Complaint Narrative

Ronald Albright is NOT a Shareholder in Good Standing because he does not own the correct number of shares for contiguous lots to his metered account. Mr. Albright should own 9 shares instead of 5 shares. The Board had an obligation and duty to remove Mr. Albright from Board Service upon notice by the Shareholders of the insufficient shares. Mr. Albright has never been a shareholder in Good Standing because he has never owned the proper number of shares therefore more importantly has never been eligible to serve on the Board. This is the second instance whereby a Board Member was found to be ineligible to serve on the Board.

DISPUTE OF DOCUMENTATION PRESENTED BY THE BOARD on April 21, 2011:

At the April 21, 2011 Regular Board Meeting the Board presented to the Shareholders a Map titled "Sketch Showing Location of Upper Burnt Mill Well". (EXHIBIT 06 – CPPMWC Sketch Location Of Upper Burnt Mill Well)

Prepared by the Shareholders and submitted with this complaint is an enhanced and enlarged version of the "Sketch Showing Location of Upper Burnt Mill Well" highlighting Mr. Albright's property in relation to Upper Burnt Mill Well. (EXHIBIT 07 – CPPMWC Sketch Location Of Upper Burnt Mill Well – Enlarged)

The enlarged Map shows that only 2 Lots (73 & 74) are partially within the 100 ft to 150 ft range of the Well Protection Zone. Highlighted on this map are 4 of the 9 Lots owned by Mr. Albright identified as Parcel number 0342-0171-40, legally described as CEDARPINES PARK NO 7 TR NO 1837 LOTS 39, 40, 41, 42, 43, 73, 74, 75 & 76 BLK 8 *** COMBO REQUEST *** (EXHIBIT 03 – San Bernardino County Assessor Parcel Number 0342-171-40 - Enlarged)

Eliminating Lots 73 & 74 from the square footage calculation would not relieve Mr. Albright from the obligation to purchase additional shares. Estimated square footage calculations for 7 Lots (39, 40, 41, 42, 43, 75 & 76) would be approximately 20,207 SqFt. The total shares required for that square footage is 7 shares. Mr. Albright currently owns 5 shares which is not in compliance with the proper number of shares required to be a Shareholder / Board Member in Good Standing.

The U.S. Environmental Protection Agency (EPA) experts suggested minimal distance requirements from the well are 50 feet for septic tanks, livestock yards, and septic leach fields; 100 feet for petroleum tanks, pesticide and fertilizer storage; and 250 feet for manure stacks. In addition, the well should be 10 feet from any property line. The water well standards contained in the Department of Water Resources' Bulletins 74-81 and 74-90 define all community domestic wells, as a minimum, shall be sited and constructed in accordance with the California Waterworks Standards (California Code of Regulations, Title 22, Division 4, Chapter 16).

The CPPMWC By-Laws and Rules & Regulations have no provisions defining an exemption to purchase shares based on the Lot location and its relationship to a Well Protection Zone. **It would be a dangerous and costly precedence if the Board allows a "special exemption to purchase shares" based on no established policy.**

ACTION REQUIRED BY THE BOARD:

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The water company will bill Mr. Albright's account for the total cost of \$2,000 (\$500 per share) for the 4 shares outstanding and all applicable penalties in regard to that transaction. Mr. Albright will then be considered a Shareholder in Good Standing when the required number of shares owned is in compliance with the company By-Laws and Rules & Regulations.

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Previous Complaint discussions with the Board Members

March 17, 2011

At the March 17, 2011 Regular Board Meeting (via Public Comment), Shareholders presented preliminary documentation (*Parcel Map and Square Footage Calculations*) to the Board of Directors showing Mr. Albright should own 9 shares instead of 5 shares.

Board Response:

The Board reviewed the Shareholders preliminary documentation and instructed the CPPMWC General Manager to investigate and report back to the Board at the April 21, 2011 Regular Board Meeting regarding the square footage calculation of Mr. Albright's parcel.

April 21, 2011

At the April 21, 2011 Regular Board Meeting (via Agenda: New Business – Board Member Shares) Shareholders presented additional documentation to the Board of Directors showing **proof** that Mr. Albright should own **9 shares** instead of 5 shares. A detailed review and analysis of Mr. Albright's parcel square footage was included for the Board's review. (**EXHIBIT 05 – Parcel Square Footage Calculation & Analysis: ALBRIGHT-Ronald**)

Ronald Albright's Parcel Square Footage Reporting History:

In 1998 the square footage of **17,126** was incorrectly calculated and/or recorded by the San Bernardino County Assessor when Parcels 0342-171-31 and 0342-171-32 and 0342-171-39 were combined to Parcel 0342-171-40.

If the **17,126 SqFt** total had been used by CPPMWC in 1998 to calculate the proper number of shares then the shareholder would have had to own **6 shares**. ($17,126 / 3000 = 5.7$).

October 15, 2005, via an Internet forum, Mr. Albright publicly commented about the number of Lots he owned in Cedarpines Park and their approximate total square footage. He wrote: "***My nine lots total about 3/4 of an acre and seems very similar in size to this parcel.***" This comment would indicate that Mr. Albright had knowledge of the SIZE of his parcel (9 Lots) was about **32,670 SqFt**. One acre comprises 43,560 square feet.

About May 2009, the Board of Directors Water Shares were audited by CPPMWC in response to a Shareholder complaint regarding board member Howard McLeod not having the proper number of shares to be a board member in Good Standing. The results of that audit were reported in the May 20, 2009 Regular Board Meeting Minutes. In regards to Mr. Albright the minutes stated, "*Ronald Albright has 5 shares, 3 parcels, APN # 342-171-31, 342-171-32 and APN # 342-171-39 with a 13,084 sf total*".

About FEBRUARY 2011 an audit of the Board of Directors Water Shares were conducted by the Shareholders. The audit revealed that Mr. Albright did not have the proper number of shares to be a board member in Good Standing. Mr. Albright should own 9 shares instead of 5 shares.

Shareholder Proof of Nine (9) Shares Required for Ronald Albright:

APRIL 14, 2011, the San Bernardino County Assessor recalculated and recorded the total square footage of Parcel 0342-171-40 as 25,783 SqFt. (**EXHIBIT 01 – San Bernardino County Assessor Parcel SqFt Calculation**)

Recalculating the proper number of shares per this square footage would result in 9 shares required.

($25,783 / 3000$) = 8.5 (**EXHIBIT 04 – Excel Calculation of Parcel Number 0342-171-40 Square Footage**)

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Board Response:

The Board presented to the Shareholders a Map titled "Sketch Showing Location of Upper Burnt Mill Well".

(EXHIBIT 06 – CPPMWC Sketch Showing Location Of Upper Burnt Mill Well)

The Board stated Mr. Albright was not obligated to buy additional shares to the 5 he already owned explaining that the Map showed a "sphere of well influence" for 2 of the 9 lots owned by Mr. Albright. According to the Board the "sphere of well influence" extending 100 to 150 feet into Lots 73 & 74 deemed those Lots as "unbuildable" therefore Mr. Albright was not required to purchase shares for those Lots.

Ronald Albright Response:

Mr. Albright explained his exemption to purchase shares for Lots 73 & 74 by stating that "someone in the office" back in the late 1990's told him he did not have to buy shares on those 2 Lots because they were considered "unbuildable". When Shareholders asked for Mr. Albright's documentation regarding his exemption he replied there was none and stated he was NAIVE at the time and should have documented the name of that "someone in the office".

Board Action:

None. The Board reaffirmed that the number of shares required for Mr. Albright will remain at 5.

Duties and Obligations of the Board of Directors

A director shall perform the duties of a director in good faith, in a manner such director believes to be in the best interests of the corporation and its shareholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. ~CA Corp Code § 309

The Board of Directors will enforce, all rules and regulations not inconsistent with the laws of the State of California, or with the Articles of Incorporation, or with the By-Laws. ~CPPMWC By-Laws § 7.04

Every director, agent or shareholder of any corporation, who, with intent to defraud, destroys, alters, mutilates or falsifies any of the books, papers, writings or securities belonging to the corporation or makes or concurs in omitting to make any material entry in any book of accounts or other record or document kept by the corporation is guilty of a public offense. ~CA Corp Code § 2255

A form of corporate malfeasance takes place when persons in roles of authority (Board of Directors) fail to perform their duties in a responsible manner that is in compliance with the corporate governing documents and current laws and regulations. As a result of their negligence these actions cost the Shareholder money, either through increased fees or through other losses caused as a result of lawsuits and share registry mismanagement, among other things.

Board members have no special privileges or exemptions. Shareholders have a right to expect ethical behavior from their Board of Directors. There is simply no substitute for honesty and common sense.

Share Registry Mismanagement

The corporation shall keep adequate and correct books and records of account and shall keep a record of its shareholders and the number of shares held by each. Any directors, employees or agents of a corporation who do any of the following are liable jointly and severally for all the damages resulting there from to the corporation or any person injured thereby who relied thereon or to both:

(a) Make, issue, deliver or publish any prospectus, report, certificate, financial statement, public notice or document respecting the corporation or its shares, assets, liabilities, business, earnings or accounts which is false in any material respect, knowing it to be false, or participate in the making, issuance, delivery or publication thereof with knowledge that the same is false in a material respect.

(b) Make or cause to be made in the books, minutes, records or accounts of a corporation any entry which is false in any material particular knowing such entry is false.

(c) Remove, erase, alter or cancel any entry in any books or records of the corporation, with intent to deceive.

~CA Corp Codes §§ 1500, 1507

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Any shareholder owning more than one lot in Cedarpines Park tracts shall not be entitled to membership and no subscription shall be accepted by the company directly or indirectly, unless subscription is entered for the total number of lots owned by said subscriber. A "Lot" shall mean an area of land in one lot not to exceed 3,000 square feet in area: if any single lot of land shall exceed 3,000 square feet in area, it shall be deemed to constitute as many lots as the number by which 3,000 square feet must be multiplied to equal or exceed the area of such lot. Contiguous lots owned by the same Shareholder shall be defined as one "lot" for square footage purposes.

~~CA Corp Codes §§ 14300, 14302 ~~CPPMWC By-Laws §§ 2.16, 9.01

The Share Registry is flawed and inaccurate. This inaccuracy affects Shareholder Quorum requirements, currently at 50% +1. The water company had previously operated at a 20% Shareholder Quorum requirement for over 10yrs. In the mid 1980's the Quorum requirement was changed to 50% +1 without Resolution or voting by the Shareholders. Is it ironic, coincidental or intentional that a 50% +1 Shareholder Quorum has been unachievable since its change from 20%? Shareholder Requests to the water company asking to review the appropriate documentation affecting the 20% Shareholder Quorum requirement change has gone unanswered.

Without a properly vetted Share Registry it is impossible to determine what is an achievable Quorum of Shareholders at an annual meeting. Without the proper enforcement of the Good Standing rule it is also impossible to determine the valid number of shares outstanding.

What does "Good Standing" mean?

"Good standing" means current with regard to payments of assessments and not in violation of any governing document provisions, including the By-Laws and Rules & Regulations.

- ▶ Must have the correct number of shares per the Square Footage of the metered account.
- ▶ Must have the correct number of shares for contiguous lots to the metered account.
- ▶ Must have no balance due on their Shareholder account.

It is the duty of the Board to abide by the governing documents and enforce the Rules and Regulations without prejudice or favoritism. The Board should set a good example for the Shareholders and respect the obligations of the governing documents. The Board should not apply the "good standing" requirement only sporadically or with regard to controversial issues just to keep Shareholders out of the pool that they do not like or like.

(EXHIBIT 08 – CPPMWC By-Laws 1996 edition - cited)

Section 2.16 – Qualifications of Shareholders

Section 9.01 – Shares Attached to Land: definition of a "Lot"

Section 7.04 – Board will ENFORCE all Rules and Regulations

(EXHIBIT 09 – CPPMWC Rules and Regulations - cited)

Section 8 – Address Changes and Property Changes

Section 9 – Assessment Charges and Liens on Shares

Section 11 – Policy for the Review of Square Footage Calculation

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RULES & REGULATIONS: Section 11 – revised September 2, 2010

The September 2, 2010 Executive Board Meeting Minutes addressed a revised policy be incorporated regarding the method of calculating the area of shareholder's property:

Discussion regarding current method of calculating the area of a shareholder's property, for the purpose of determining the number of shares required. The Board agreed that CCPMWC shall calculate the area of the shareholder's property based on the current San Bernardino County Assessor's map. If a shareholder wishes to dispute this calculation, the shareholder must have a third-party survey performed, at shareholder expense, and request a correction based on the new survey.

The Board requested the GM incorporate the current method of calculating the area of a shareholder's property into the CPPMWC Rules & Reg.

Assurances by the Board of a Share Registry Audit & Vetting of Board Candidates

As per the Board, one of the reasons for changing the 2010 Annual Shareholder meeting from July to September was to complete a full audit of the share registry. From August 5, 2010 to September 16, 2010 via an Internet forum, Mr. Albright publicly commented and responded to questions and comments from Shareholders regarding the September 18, 2010 Annual Shareholder Meeting preparations and related practices to qualify Board Candidates.

On August 5, 2010 Mr. Albright stated, *"The number of shares in good standing varies because some are cancelled and new ones are issued. The audit conducted over the past few months was designed to determine the precise number of shares in good standing for this precise reason. Not only had this not been done for decades, the record keeping was abysmal. The audit is essentially complete and the accurate number of shares will be announced at the meeting as status changes occur right up to the meeting."*

On August 20, 2010 Mr. Albright stated, *"One clarification regarding the candidates..... Each applicant was checked for eligibility and some where not intially able to run or vote. Those issues were cleared up as recently as this week which gave us a slate of vetted candidates to "announce"."*

On September 16, 2010 Mr. Albright stated, *"When can candidates be verified as eligible? Up to the deadline for submitting applications. So when does that process provide a list of vetted candidates? About 3 weeks before the meeting date. There were changes in eligibility status right up to the deadline and one candidate withdrew after the deadline and before the list was published."*

In reality, the only Board candidates qualified and eligible for Board service attending the September 18, 2010 Annual Share Meeting were Paul Hartman, Glen Dark, Sandy Segalla and Lynn Chen.

The Secretary of the Board of Directors is responsible for validating the Share Registry. At Regular Board Meetings prior to the Annual Meeting or on Internet forums, the Board repeatedly assured the Shareholders that a precise and complete audit of the Share Registry would be conducted. This ministerial task was assigned to the water company employees under the direction of the General Manager.

What, if any, are the reasons for not discovering via an audit that Mr. Albright did not have the proper number of shares to be considered a Shareholder in Good Standing? Was it "incompetence" or an "intentional" oversight?

Whatever the reason, the Board has an obligation to "make it right". Mr. Albright should own 9 shares instead of 5 shares and his Board replacement should be selected from those harmed by the fouled audit and deception.

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Complaint Exhibits

- EXHIBIT 01** – San Bernardino County Assessor Parcel SqFt Calculation
- EXHIBIT 02** – San Bernardino County Assessor Parcel Map 0342-17
- EXHIBIT 03** – San Bernardino County Assessor Parcel Number 0342-171-40 (*Enlarged*)
- EXHIBIT 04** – Excel Calculation of Parcel Number 0342-171-40 Square Footage
- EXHIBIT 05** – Parcel Square Footage Calculation & Analysis: ALBRIGHT-Ronald
- EXHIBIT 06** – CPPMWC Sketch Location Of Upper Burnt Mill Well
- EXHIBIT 07** – CPPMWC Sketch Location Of Upper Burnt Mill Well (*Enlarged*)
- EXHIBIT 08** – CPPMWC By-Laws - 1996 edition (*cited*)
- EXHIBIT 09** – CPPMWC Rules and Regulations (*cited*)

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EXHIBIT 01

San Bernardino County Assessor Parcel SqFt Calculation
Area Calculation for Parcel Number 0342-171-40
Recorded 4/14/2011

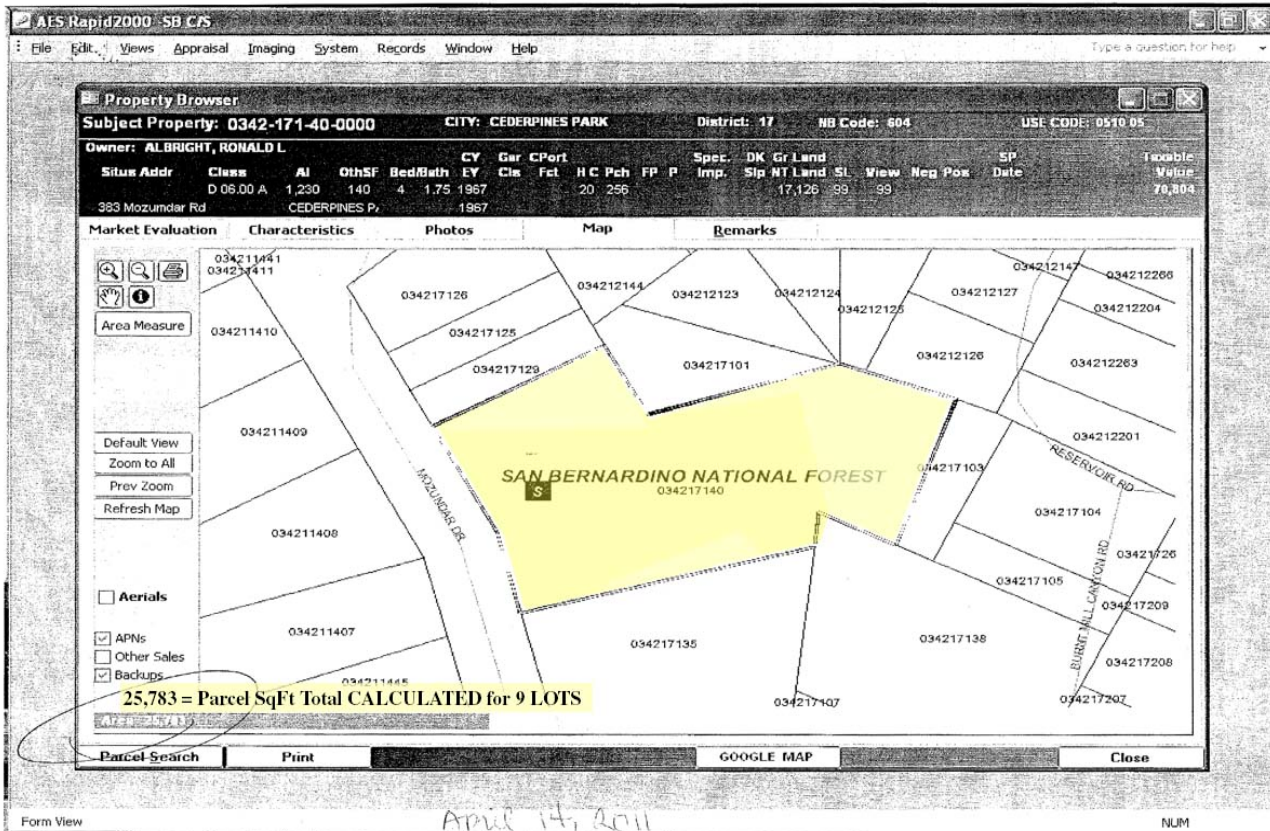


EXHIBIT 01

17,126 SqFt Area Calculation recorded before April 14, 2011
25,783 SqFt Area Calculation recorded after April 14, 2011

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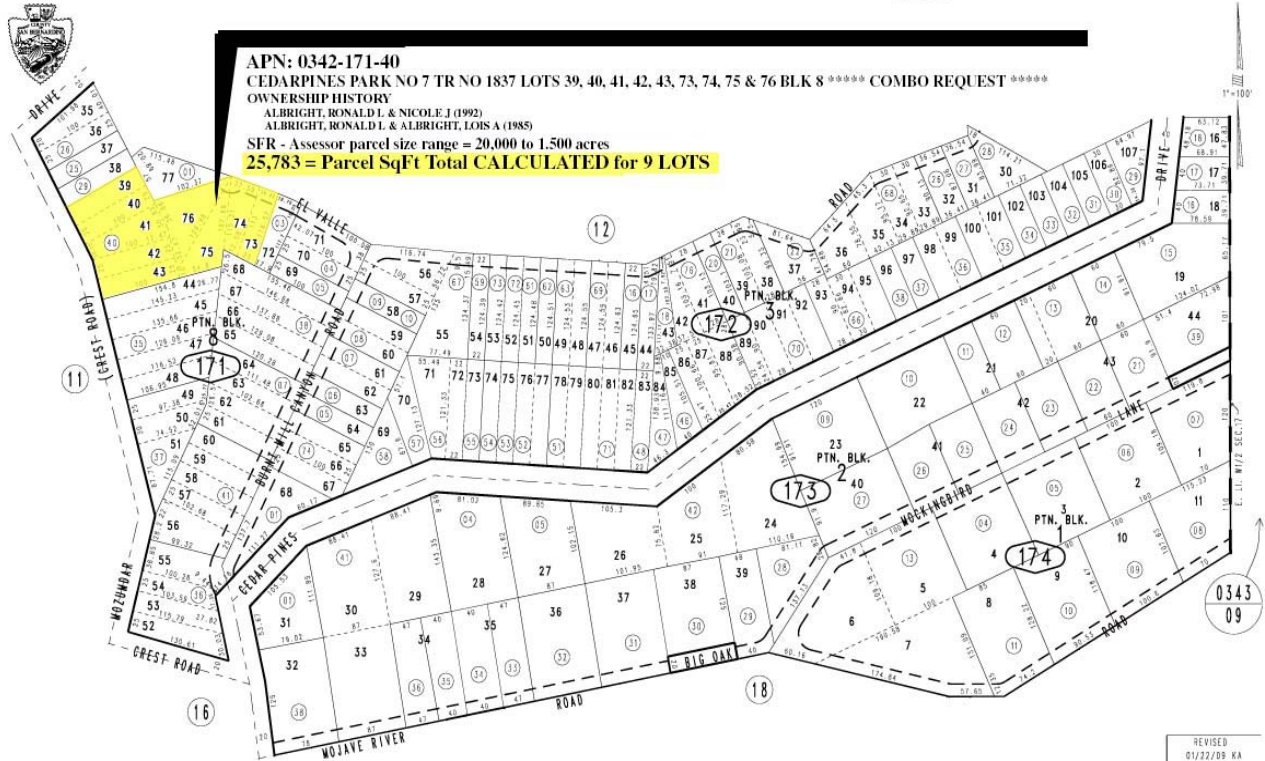
EXHIBIT 02

San Bernardino County Assessor Parcel Map 0342-17
Parcel Number 0342-171-40 (9 Lots) - Highlighted

THIS MAP IS FOR THE PURPOSE
 OF AD VALOREM TAXATION ONLY.

Ptn.S.W.1/4 Sec.17,T.2N., R.4W.,S.B.B.&M.
 Ptn. Tr. No.1837,Cedarpines Park No. 7,M.B. 26/58

Rim of The World Unified 0342-17
 Tax Rate Area
 105025



May 2005

EXHIBIT 02

Assessor's Map
 Book 0342 Page 17
 San Bernardino County

REVISED
 01/22/09 RA
 06/22/09 KA
 03/25/10 RM

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EXHIBIT 03

San Bernardino County Assessor Parcel Number 0342-171-40 (9 Lots) -Enlarged

THIS MAP IS FOR THE PURPOSE
OF AD VALOREM TAXATION ONLY.



Ptn.S.W.1/4 Sec.17,T.2N., R.4W.,S.B.B.&M.
Ptn. Tr. No.1837,Cedarpines Park No. 7,M.B. 26/58

Rim of The World Unified 0342-17
Tax Rate Area
105025

APN: 0342-171-40
CEDARPINES PARK NO 7 TR NO 1837 LOTS 39, 40, 41, 42, 43, 73, 74, 75 & 76 BLK 8 ***** COMBO REQUEST *****
OWNERSHIP HISTORY
ALBRIGHT, RONALD L & NICOLE J (1992)
ALBRIGHT, RONALD L & ALBRIGHT, LOIS A (1985)
SFR - Assessor parcel size range = 20,000 to 1,500 acres
25,783 = Parcel SqFt Total CALCULATED for 9 LOTS

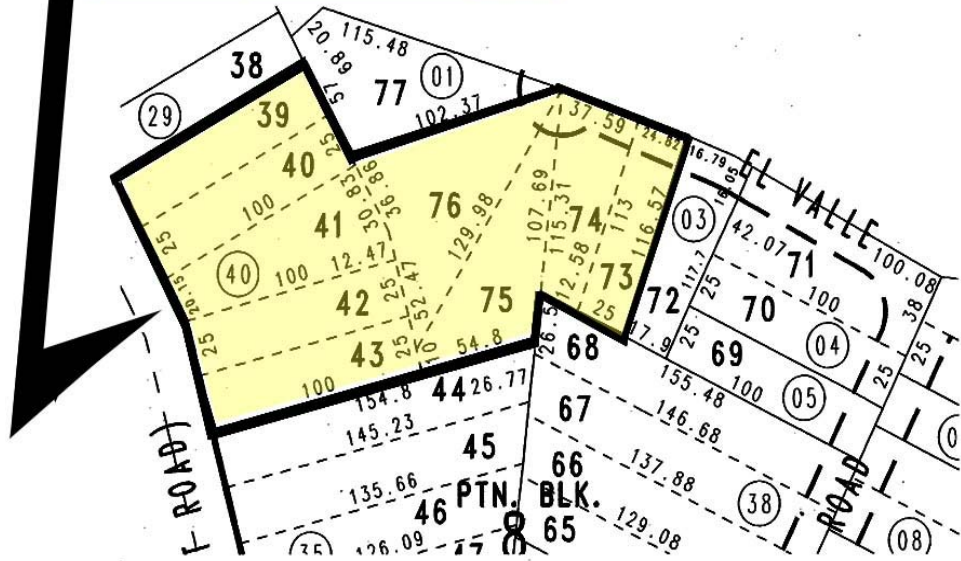


EXHIBIT 03

Assessor's Map
Book 0342 Page 17
San Bernardino County

REVISED
01/22/09 KA
06/22/09 KA
03/23/10 RW

May 2005

25,783 = Parcel Square Footage Total for 9 Lots

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EXHIBIT 04

Excel Calculation of Parcel Number 0342-171-40 Square Footage

ALBRIGHT-Ronald Lynn (4)

RONALD LYNN & NICOLE J ALBRIGHT
CEDARPINES PARK NO 7 TR NO 1837 LOTS 39, 40, 41, 42, 43, 73, 74, 75 & 76 BLK 8 ***** COMBO REQUEST *****
APN 0342-171-40 per Assessor SqFt = 25,783

APN	LOT	WIDTH 1	WIDTH 2	LENGTH 1	LENGTH 2	WIDTH AVG	LENGTH AVG	AVG LOT SQ FT	AVG LOT SQ FT (RND)
0342-171-40	39	25.00	25.00	100.00	100.00	25.00	100.00	2,500.00	2,500
	40	25.00	25.00	100.00	100.00	25.00	100.00	2,500.00	2,500
	41	20.15	30.83	100.00	112.47	25.49	106.24	2,708.06	2,708
	42	25.00	25.00	100.00	100.00	25.00	100.00	2,500.00	2,500
	43	25.00	25.00	100.00	100.00	25.00	100.00	2,500.00	2,500
	73	24.82	25.00	116.57	113.00	24.91	114.79	2,859.42	2,859
	74	37.59	10.00	113.00	115.31	23.80	114.16	2,717.01	2,717
	75&76	78.87	107.69	58.40	102.37	93.28	80.39	7,498.78	7,499
	TOTAL SQ FT (9 LOTS)								
T1									
TOTAL SHARES REQUIRED									
T1 / 3000 SQ FT = 8.59 share									
Result = 8.59									9
CURRENT CPPMWC SHARES									5
Required less Current SHARES									4
Total DUE to CPPMWC @ \$500.00 per share									\$2,000

EXHIBIT 04

Calc_LOTS.xls

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EXHIBIT 05

Parcel Square Footage Calculation & Analysis: ALBRIGHT-Ronald

HISTORY OF PARCEL SQFT REPORTING

1998 – San Bernardino County Assessor Information

Parcels 0342-171-31 and 0342-171-32 and 0342-171-39 were combined to

Parcel Number: **0342-171-40**

Legal Description: CEDARPINES PARK NO 7 TR NO 1837 LOTS 39, 40, 41, 42, 43, 73, 74, 75 & 76 BLK 8
***** COMBO REQUEST *****

Owner History:

ALBRIGHT, RONALD L & ALBRIGHT, LOIS A (1985)

ALBRIGHT, RONALD L & NICOLE J (1992)

17,126 = Parcel SqFt Total / SFR - Assessor parcel size range = 10,500 to 19,999 sq ft

MAY 20, 2009 - 13,084 sqft total (5 Shares) Reported to Shareholders

Documented and reported in the May 20, 2009 Regular Board Meeting Minutes
Page 6 - OLD BUSINESS – Board of Directors Water Shares:

President Dahlstrom reported on the status of Treasurer McLeod's water shares. President Dahlstrom further stated that Treasurer McLeod had purchased four additional water shares for his account making the total of 16 shares for his account. President Dahlstrom requested all Board Members APN #'s, Square footage and number of shares be listed in these meeting minutes.

Ronald Albright has 5 shares, 3 parcels, APN # 342-171-31, 342-171-32 and APN # 342-171-39 with a 13,084 sf total

13,084 = Parcel SqFt Total

MARCH 14, 2011 - 26,890 sqft total Approx. Calculated by Shareholders

Parcel Number: **0342-171-40**

Legal Description: CEDARPINES PARK NO 7 TR NO 1837 LOTS 39, 40, 41, 42, 43, 73, 74, 75 & 76 BLK 8
***** COMBO REQUEST *****

26,890 = Parcel SqFt Total / SFR - Assessor parcel size range = 10,500 to 19,999 sq ft

APRIL 14, 2011 - 25,783 sqft total Calculated by S.B. County Assessor

Parcel Number: **0342-171-40**

Legal Description: CEDARPINES PARK NO 7 TR NO 1837 LOTS 39, 40, 41, 42, 43, 73, 74, 75 & 76 BLK 8
***** COMBO REQUEST *****

25,783 = Parcel SqFt Total / SFR - Assessor parcel size range = 20,000 to 1.500 acres

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AUDIT of Square Footage Reported on May 20, 2009

13,084 SqFt Total reported on May 20, 2009 by the Board of Directors for R. Albright

0342-171-31 - CEDARPINES PARK NO 7 TRACT NO 1837 LOTS 74 75 AND 76 BLK 8

VACANT - Assessor parcel size range = 7,200 to 10,499 sq ft

1998 - Parcel combined to 0342-171-40 (Transactions: 1994/1998)

11,323 SqFt Estimated Total – Calculation #1

0342-171-32 - CEDARPINES PARK NO 7 TR NO 1837 LOT 73 BLK 8

VACANT - Assessor parcel size range = 0 to 4,999 sq ft

1998 - Parcel combined to 0342-171-40 (Transactions: 1994/1998)

2,859 SqFt Estimated Total – Calculation #1

0342-171-39 - CEDARPINES PARK NO 7 TRACT NO 1837 LOTS 39, 40, 41, 42 AND 43 BLK 8

ALBRIGHT, RONALD L & ALBRIGHT, LOIS A (1985)

ALBRIGHT, RONALD L & NICOLE J (1992)

SFR - Assessor parcel size range = 5,000 to 7,199 sq ft

1998 - Parcel combined to 0342-171-40 (Transactions: 1981/1985/1992/1998)

12,708 SqFt Estimated Total – Calculation #1

26,890 SqFt Total est. (11,323 + 2,859 + 12,708) – FEB 2011 Calculation #1 by Shareholders

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SUMMARY of Square Footage Reported

17,126 SqFt Total recorded 1998 by San Bernardino County Assessor

13,084 SqFt Total reported May 20, 2009 by CPPMWC Board of Directors

25,783 SqFt Total recorded April 14, 2011 by San Bernardino County Assessor

ANALYSIS of Square Footage Reporting Differences

In 1998 the square footage of **17,126** was incorrectly calculated and/or recorded by the San Bernardino County Assessor when Parcels 0342-171-31 and 0342-171-32 and 0342-171-39 were combined to Parcel 0342-171-40.

If 17,126 SqFt Total used then the shareholder would have to own 6 shares. $(17,126 / 3000) = 5.7$

MAY 2009 the square footage of **13,084** was incorrectly calculated by the Cedarpines Park Mutual Water Company. It was improper to use inactive Parcels 0342-171-31 and 0342-171-32 and 0342-171-39 since they were merged to Parcel 0342-171-40 in 1998.

13,084 SqFt Total was incorrect, thus Number of Shares calculated was 5 shares. $(13,084 / 3000) = 4.4$

MARCH 17, 2011 the square footage discrepancy was brought to the attention of the Board of Directors by the Shareholders, **claiming Ronald Albright should have 9 shares instead of 5 shares.**

APRIL 14, 2011 the square footage of **25,783** was calculated and recorded by the San Bernardino County Assessor for Parcel 0342-171-40.

25,783 SqFt Total is Recorded. The shareholder should own 9 shares. $(25,783 / 3000) = 8.5$

ACTIONS expected when a Board Member is not in Good Standing

Mr. Albright will purchase 4 shares, each at \$500/per share.

Remove or Accept resignation of Board Service.

Fill the Board vacancy from the September 18, 2010 pool of vetted candidates:
Glen Dark, Sandy Segalla, or Lynn Chen.

May 11, 2011

**Cedarpines Park Mutual Water Company
Shareholder Complaint to the Board of Directors about Ronald Albright
Failure to Remove a Board Member that is Not in Good Standing**

JUSTIFICATION to Remove and Sanction Ronald Albright

Mr. Albright has served on the Board since 7/21/2007.

Appointed Director for a standard 3-year term / expiring July 21, 2010

(Reference: 07-21-2007 per CPPMWC Board of Directors - Organizational Meeting Minutes)

Appointed Director for standard 3-year term / expiring July 21, 2013

(Reference: 10-16-2010 per CPPMWC Board of Directors - Organizational Meeting Minutes)

Mr. Albright has never been qualified to serve on the Board of Directors because he did not have the correct number of shares.

Mr. Albright has publicly acknowledged his expertise of land surveying practices and information contained in the San Bernardino County Assessor system.

Mr. Albright has publicly acknowledged the definition of an account in Good Standing.

- ▶ Must have the correct number of shares per the sqft of the metered account.
- ▶ Must have the correct number of shares for contiguous lots to the metered account.
- ▶ Must have no balance due on the account.

Mr. Albright has publicly acknowledged his understanding of the CPPMWC Rules and Regulations.

Section 11 – Policy for the Review of Square Footage Calculations (adopted 1981 w/updates to 11-4-1997)

Mr. Albright attended the September 2, 2010 Executive Board Meeting. The minutes addressed the method of calculating the area of shareholder's property:

Discussion regarding current method of calculating the area of a shareholder's property, for the purpose of determining the number of shares required. The Board agreed that CCPMWC shall calculate the area of the shareholder's property based on the current San Bernardino County Assessor's map. If a shareholder wishes to dispute this calculation, the shareholder must have a third-party survey performed, at shareholder expense, and request a correction based on the new survey.

The Board requested the GM incorporate the current method of calculating the area of a shareholder's property into the CPPMWC Rules & Reg.

May 11, 2011

Cedarpines Park Mutual Water Company
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Failure to Remove a Board Member that is Not in Good Standing

EXHIBIT 06

CPPMWC Sketch Location Of Upper Burnt Mill Well

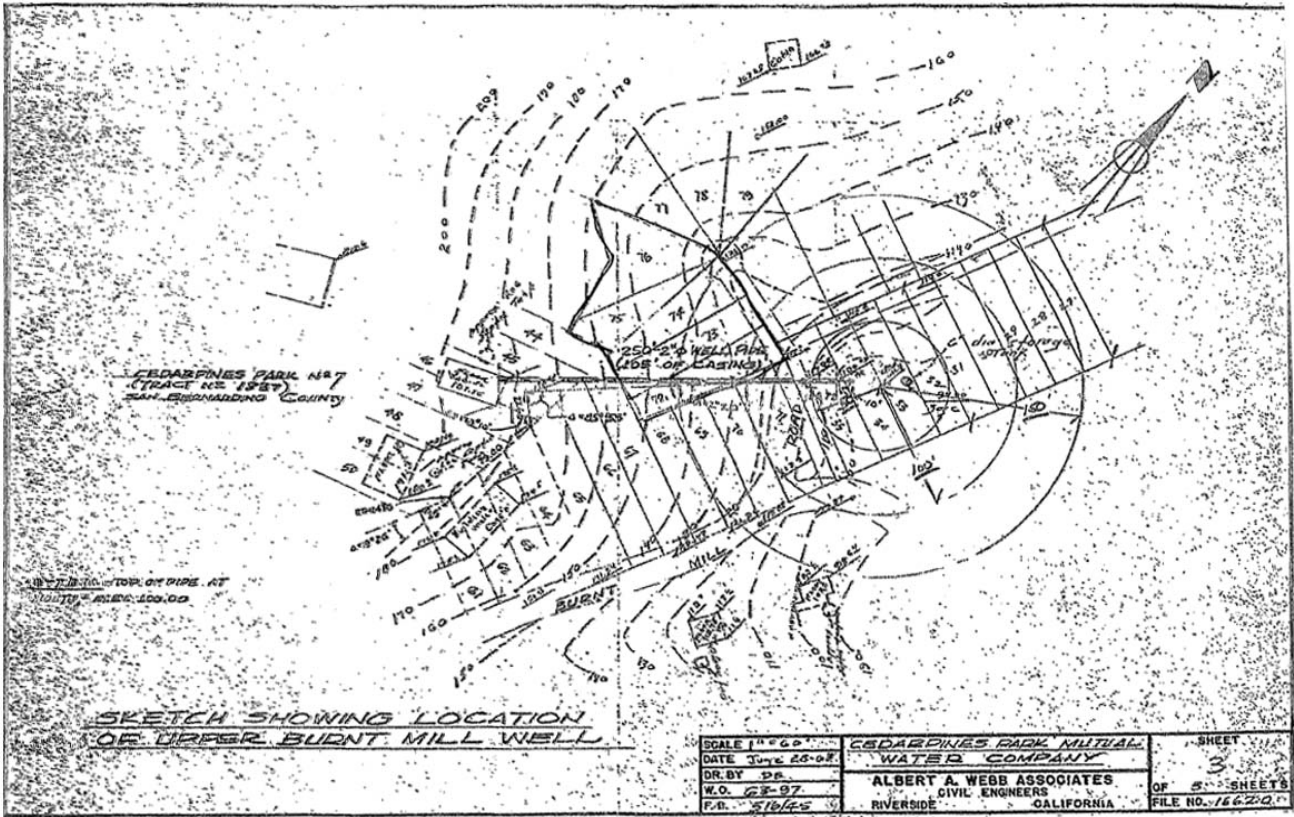


EXHIBIT 06

May 11, 2011

Cedarpines Park Mutual Water Company

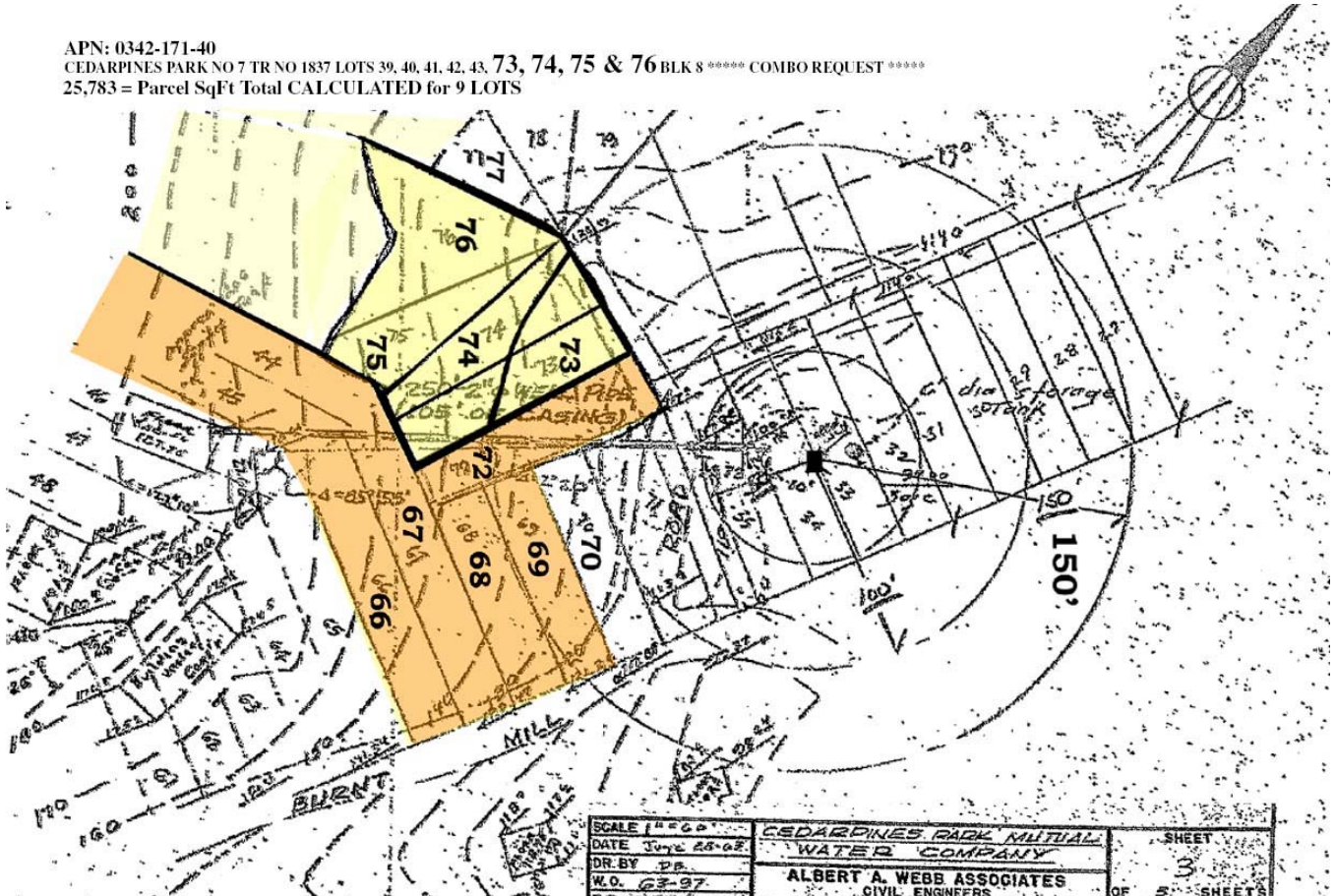
Shareholder Complaint to the Board of Directors about Ronald Albright
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EXHIBIT 07

CPPMWC Sketch Location Of Upper Burnt Mill Well - *Enlarged*

Parcel Number 0342-171-40
(Lots 73, 74, 75, 76) - *Highlighted*

APN: 0342-171-40
CEDARPINES PARK NO 7 TR NO 1837 LOTS 39, 40, 41, 42, 43, 73, 74, 75 & 76 BLK 8 ***** COMBO REQUEST *****
25,783 = Parcel SqFt Total CALCULATED for 9 LOTS



May 11, 2011

**Cedarpines Park Mutual Water Company
Shareholder Complaint to the Board of Directors about Ronald Albright
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EXHIBIT 08

CPPMWC By-Laws 1996 edition - cited

ARTICLE II - Shareholders

Section 2.16 - Qualifications of Shareholders

Any person or persons owning a lot or lots in said Cedarpines Park tracts shall be entitled to membership in the Cedarpines Park Mutual Water Company upon subscribing for one or more shares of the company, it being understood that one share shall be issued for each lot, which shall be appurtenant to said land, (and any subscriber owning more than one lot shall not be entitled to membership and no subscription shall be accepted by the company directly or indirectly, unless subscription is entered for the total number of lots owned by said subscriber, and any member admitted after incorporation shall have all the rights and privileges, and shall be subject to the same responsibilities, as members of the association prior thereto.

ARTICLE VII – Powers of Board of Directors

Section 7.04 - Rules and Regulations

To adopt, repeal, modify, from time to time change, and enforce, all rules and regulations not inconsistent with the laws of the State of California, or with the Articles of Incorporation, or with these by-laws, by the Board deemed essential or desirable for the management or conduct of the Company's business and affairs, or the exercise of the Board's powers. Said rules and regulations may, in addition to any other things, provide for and regulate any of the matters in this Article referred to and authorized to be determined by the Board.

ARTICLE IX – Shares Attached to Land

Section 9.01 - Definitions

Terms and expression are used in these by-laws with the following meaning:

“Lot” shall mean an area of land in one lot not to exceed 3,000 square feet in area: if any single lot of land shall exceed 3,000 square feet in area, it shall be deemed to constitute as many lots as the number by which 3,000 square feet must be multiplied to equal or exceed the area of such lot. Contiguous lots owned by the same Shareholder shall be defined as one “lot” for square footage purposes.

“Person” includes corporation, partnership or association.

“Water service” means the delivery of water to a shareholder of the Company, or an assignee of a shareholder.

An assignee of a shareholder is one who as purchaser, lessee, licensee or assignee of such shareholder is entitled to receive (for a limited period) the water deliverable in respect of one or more shares of which the shareholder is the record holder.

A consumer is one receiving or entitled to receive water service from the Company.

An owner of land includes one having an estate in the land entitling him to its present possession, whether as co-tenant, joint tenant, purchaser under an executory agreement of sale, lessee, or otherwise.

May 11, 2011

**Cedarpines Park Mutual Water Company
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EXHIBIT 09

CPPMWC Rules and Regulations - cited

Adopted in 1981 with updates to November 4, 1997

(distributed to Shareholders on October 2010)

Section 8. Address Changes and Property Transfers

8.1 - ALL SHAREHOLDERS MUST NOTIFY THE COMPANY OFFICE OF ANY CHANGE IN OWNERSHIP OR ADDRESS IMMEDIATELY.

8.2 - When the Company is notified that a property is transferring, the property in question will be reviewed to determine if it has the correct number or shares as stated in the By-Laws. A specified escrow research fee will be charged for this service. If escrow does not complete, the charge will be placed on the seller's account. If the account does not have the correct number of shares, additional shares must be purchased before a transfer of water stock is completed. 5/7/91

8.3 - If, after 90 days of a notice of transfer water stock a transfer of water share is not completed, a \$50.00 penalty fee will be levied on the appropriate water share account. The fee must be paid prior to the transfer of water stock.

8.4 - If, after 90 days from the close of escrow, the Company has not received a copy of the County recorded deed or has not received the funds for any additional shares, water service will be terminated to the property after a 48 hour Notice is posted. Service will be resumed after the Company office receives all items necessary to finish the transfer. 3/2/93

8.5 - For a share transfer, once escrow is notified of a credit balance, that balance becomes escrow's responsibility. If escrow is not notified of a credit balance, and if a refund is due, it will be issued to the seller upon review by the Board of Directors. 1/26/88

Section 9. Assessment Charges and Liens on Shares

9.1 - Failure to comply with any of the By-Laws or water service Rules and Regulations may cause the cancellation of membership shares and or the right to use water from the Company's system, 5/17/85

9.2 - Before cancellation, Shareholders are entitled to contest the cancellation, orally or in writing, not less than 5 days prior to the effective cancellation date, before the Office Manager or a designate. The contested shares will be brought before the Board at the next regularly scheduled Board meeting. 3/2/93

9.3 - Shareholders whose shares are subject to cancellation will be notified in writing 30 days prior to the cancellation. Once cancelled by the Board, Shareholders may redeem their shares by paying any outstanding balances plus a specified reinstatement fee within 30 days of the cancellation. Said charges shall be paid by a cashier's check, money order, or in cash. After 30 days of cancellation, the property owner shall purchase, if available, new shares at the current price and pay any appurtenant charges, 3/2/93

9.4 - When shares are cancelled on a metered account, the water service will be terminated the same day the shares are cancelled. The water meter box and service line to the main shall be removed within 35 days of the share cancellation. 11/7/95

May 11, 2011

**Cedarpines Park Mutual Water Company
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Section 11. Policy for the Review of Square Footage Calculations

11.1 - If a Shareholder disputes the square footage of a lot as calculated by the Company's engineering firm, he must (1) request a review in writing, (2) submit the most current and accurate legal description of the lot in question, and (3) provide written evidence showing his square footage calculations of what he feels it should be. Upon receipt of these three items, the Company will proceed to have the Company's engineer review the calculations.

11.2 - The engineer's review of the lot, along with a copy of the calculations will be sent to and reviewed by Cedarpines Park Mutual Water Company personnel.

11.3 - If the engineer's new calculations reaffirm the current number of shares on the lot in question or if they indicate the need for additional shares, the Shareholder requesting the review will be liable for the engineering costs.

11.4 - If the engineer's new calculations justify less shares on the lot than now exist, then Cedarpines Park Mutual Water Company will incur the engineering costs.

11.5 - If the Shareholder needs less shares, the Company will (1) issue a new water stock certificate with the correct number of shares to the Shareholder, (2) credit the Shareholder's assessment account for the current price of a share times the number of shares deemed in error. The Company will not refund a credit past assessments on the shares in question.

11.6 - If the Shareholder needs more shares, the Company will provide a share application for the Shareholder informing him of the cost of the shares. He will then sign the application and enclose it with a check for the appropriate amount within 30 days to: Cedarpines Park Mutual Water Company, P.O. Box 9259, Cedarpines Park, California 92322. Upon receipt of these two items, the Company will issue a new stock certificate with the correct number of shares.