

minutes

Cedar Ridge Dist. Co Water Board Mtg. Sept. 28, 1989

exhibit J

Place: Home of Clyde Summers

Present: David Thompson, Mary Merrill, Clyde Summers, Barbara Anderson

Absent: Larry Warburton

The meeting began with David answering water board members' questions about water company organization, condition of the wells, water supply, pumps...etc.

Next, David led members through a 4-page accounting (prepared on Merrill's computer) of company finances. One of the more obvious things learned was that company debts exceed company income. For example:

1989 Estimated Debts	10,048.05
Income from users	<u>9240.00</u>
Deficit	808.05

Therefore, David has been loaning the company money periodically in order to pay bills. He and all board members present were anxious that a solution to that problem be found quickly... especially since the company checking account contains \$1.01 and bills totally approximately \$1400.00 come due Oct. 15.

Discussion of the situation brought up many points, including these:

- 1) Lawrence Behrman is the only one of 22 water users to have paid every monthly assessment on time. All others have either been late or have missed payments entirely. Hence, deposits have been irregular and almost \$300.00 is outstanding at present. Late fees ^{from users} have not been collected, as a rule.
- 2) Even if all user fees were collected on time, and even if there was no deficit, the lack of a capital reserve creates problems several times a year when payments on loans (or for water testing) come due at the same time as regular monthly power bills. If not for David's loans the bank account would ^{have} been overdrawn on ~~these~~ ^{several} occasions previously and will be in the future unless a reserve is built. Having user fees collected quarterly rather than monthly was one idea discussed.

(cont.)

3) The deficit has been growing for many months without water board members being made aware of it. The need for periodic review of company finances to the board (and all stock holders) was stressed. Using Mr. Behrman as a voluntary book keeper was offered as a solution by David... Mr. Behrman having volunteered his services earlier.

4) The loan for the new well (made to us by Jon Thompson) has been earning 18% since 1986 (?). At that time ~~the need for~~ money to build a new well was an immediate, desperate necessity and that money our only resource. Loans made by David Thompson (as agreed upon at that time, also) have been earning 15%. Both rates are ~~is~~ higher than desirable and ways to refinance both loans need to be explored. (Lotto tickets, maybe?)

5) Loans of \$1250.00 @ were made by Lawrence Behrman and Jay Norr to the water company in agreements made with Winn Coburn and Lyle Palmer. Neither loan has been paid off by the borrower. Water company responsibility to Mr. Behrman and Mr. Norr were discussed - as ~~was~~ repayment plans for other note holders - but no decisions were reached and the matter was ~~is~~ tabled for the time being.

6) It was agreed that property values and neighborhood tranquility both are affected by negative publicity when problems such as these are not resolved quickly and in a business-like manner and all board members were anxious to work to that end.

After much discussion 2 actions were taken which passed with unanimous votes ^{as additions to present by-laws}

1. That Mr Behrman would be asked to donate his time as a voluntary book-keeper not as a board member - but as an assistant to the board. He would be given power to: a) collect water assessments plus late fees ^{interest} and b) shut off water in cases of delinquency and collect a reconnect fee - all according to regulations that would be set up by the board.

2. That board member terms would be 4 years; with 2 expiring in 2 years and 3 expiring in 4 years from now. Names were drawn (from a wooden shoe) and Mary Merrill and Clyde Summers' ~~names~~ were picked for the shorter term Barbara Anderson, Larry Warburton and David Z Thompson for the longer term. ^{New board members} (and replacements for unexpired terms) would be top-vote-getters from among ^{interested} stock holders in votes held every 2 years and when needed. The End