

Minutes of the Annual Meeting of Shareholders of Cedarpines Park Mutual Water Company

Date: September 18, 2010

Location: Cedarpines Park Community Center

Purpose: To elect Directors and for the transaction of any other business that may properly come before the meeting.

Perry Dahlstrom acted as President, and Wilfred Steiner acted as Secretary of the meeting.

Proceedings:

The President called the meeting to order: at 1:43p.m.

The President requested that Cheryl Turpin lead, all in attendance, in the pledge of allegiance.

The President requested that GM Gowan introduce the Company staff in attendance and those who were volunteering and present at the meeting:

Name	Title
Sonny Gowan	General Manager
Rhiannon Gowan	Administrative Consultant
Raylynn Gibson	Office Assistant
Casey Herzig	Staff
Daniel Wright	Staff
Roselynn Halpin	Staff
Jani Sue Haynes	Staff

GM Gowan also took time to awarded Casey Herzig a certificate of recognition for his service and dedication.

The President reported the following:

- We currently have 740 service connections.
- Our customers used 32,825,629 gallons of water from May 1, 2009 through April 30, 2010.
- There are 4,449 shares outstanding.
- 2,226 shares must be represented in person or by proxy to conduct a shareholders election.
- CPPMWC has 499 shares represented, in person and by proxy as of 1:30 PM on Saturday, September 18, 2010.

Therefore we do not have a quorum of shareholders present or represented by proxy, however there is a quorum of Directors present and they will conduct the annual meeting.

The alternate procedure required by the Company Bylaws when a quorum of Shareholders in good standing are not present, is for a quorum of Directors whose terms have not expired to conduct an election to fill any vacancies by majority vote at the executive/organizational meeting which follows the Annual Meeting of Shareholders.

The following Shareholders, not constituting a quorum, were present in person or by proxy:

SEE EXHIBIT "A"

Election of Directors

The President announced that the next item of business was to introduce the candidates nominated and confirmed eligible for election to the Board of Directors for a 3 year term of office. The results will be announced at the next regular Board Meeting schedule for October 21, 2010. All nominees took turns and stood and told a little about themselves.

Names of Nominees

Lyn Chen

Ronald Albright

Sandi Segalla

Glen Dark

Paul Hartman

Directors Report: Company status

Changes in operations: General Manager Gowan reported that when Cedarpines Park Mutual Water Company contracted with ECS in March of 2009, the company had an Accounts Payable balance in excess of \$80,000 and currently has a balance of approximately \$9,000. Aged Accounts Receivable were in excess of \$77,000 and have been reduced by 50% through collection efforts, charge off of uncollectable balances and working with customers who requested extended payment terms.

We are currently purchasing CLAWA water to meet our current demands that are in excess of our well capacity.

Over 60 hours of training for field personnel have been completed at no additional direct cost to the Company, through participation in a State sponsored program.

We have met our 2010 obligation on our RUS loan on time and have reserved \$23,000 toward our 2011 obligation so far.

President Dahlstrom reported that the field crews are continuing valve and fire hydrant exercising and flushing. Water conservation efforts can reduce our revenues, but a plus is this allows us to provide water from our own resources rather than purchased supplemental water, which will help us to keep the cost of water down.

Financial Status:

Vice President Albright reported that we hired a new CPA firm to audit the company financial records for the fiscal year ended April 30, 2010. In order to provide confidence in the source documents, the CPA reviewed and tested past financial statements and documentation back to the last audit conducted in 2007. In the future our daily and monthly accounting procedures will be carried out by company personnel under the supervision of the CPA. With accurate financial records, including inventories and upgraded software that provide more accurate details of our operations, we are now better able to control and track costs, create budgets based on past expenses and future requirements. Planning for known requirements and building reserves to meet emergencies or unforeseen requirements is one of our primary goals for the company.

Our new CPA, Richard Lambright of 180 Business Solutions could not attend our annual meeting due to unexpected hospitalization. He asked that we convey his apology, and assurance that he will be available to answer any questions Shareholders may have through the company office.

President Dahlstrom reported that the accounting service software is operational as of September 3, 2010 and after finalizing the year end rollover by our software vendor we should have better records going forward. ECS has been instrumental in helping the Company to conform with current utility accounting standards and practices.

Acquisition Status:

President Dahlstrom reported that in 1987 we considered merging with Crestline Village Water District (CVWD), but Shareholders rejected the proposal. President Dahlstrom stated that based upon his experience in the water utility business he feels that it would be beneficial for all shareholders, if the Company was part of a larger organization. During our most recent rate review meetings, the majority of shareholders in attendance at those meetings supported the Company seeking acquisition proposals.

To date we have received the following responses; Crestline Village Water District state they are interested in a proposal to merge, but made it clear that all costs associated with the acquisition proceedings and all future operations expenses would have to be recovered by the customers of the Cedarpines Park Mutual Water Company.

Golden State Water Company is requesting that we enter into a non-disclosure agreement, which the Board willing to consider, so we have many things to consider before moving forward with them.

The Board is being cautious, and before any significant decision is made we will come back to the Shareholders for approval. Any dissolution of the existing water Company would require a supermajority to merge with any other service, as both sides will want a consensus of the Shareholders before going forward. Such a vote would likely be by mail ballot. The timeline for looking into these options will be more than a year. We are trying not to spend a lot of money to examine the feasibility of these options. We have no alternative but to keep this company viable and our primary responsibility is to operate frugally. We will have to perform the research to hold the costs down. Grants are available but application for such funds costs money and there is no guarantee of receiving funds.

We followed a similar procedure to obtain the RUS loan, which involved applying for a \$1.67 million dollar loan and a \$1.085 million dollar grant to complete the primary system infrastructure elements mandated by the State. We are currently paying off the loan over 40 years at low fixed interest of 4.5%.

Litigation or potential litigation

- The Bennett easement matter. We received service on this matter on November 5th, 2009, we are currently following advice of counsel.
- Canyon Vista, we have not received a formal Court summons in this matter, however, it is a possible pending issue. We continue to follow the advice of our legal counsel. There have been intermittent negotiations between the parties.

President Dahlstrom reported that we have been advised by our legal counsel that expediting legal issues would increase our immediate expenses.

Capital Improvements/Future Projects

Vice President Albright reported that the increased rates and better management will permit capital projects such as a second connection to CLAWA. To qualify for USDA funds we have to demonstrate solvency and cash flow to repay debt. The goal is to improve our choices in the future. Grants are in demand and our demographics have disqualified us from obtaining some grants because our per capita income exceeds the limit permitted.

President Dahlstrom reported that all of the following proposed projects are on financial hold due to lack of funds.

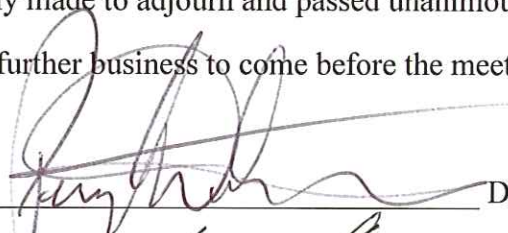
- **Sawpit Storage Tank Site** is unstable and moves when the ground is wet. We have made some corrections and reduced one reservoir to 10 feet of storage to reduce the weight and we have stopped using another reservoir to maintain the soundness of the structure.
- **CLAWA interconnection** on Crest Forest Drive at the Paivika Tank site is being looked into as it would allow us to replenish our water with gravity feed rather than pay for pumping to our tanks. It would allow us to replenish our feed at a rate of 500 gallons per minute.
- **Urban Water Management Plan**, even though it is not required by law it is a good tool for future growth projections, supply and demand, viability but currently it is postponed.
- **Engineering Capital Improvement Plan** is still needed but we are keeping this on hold until funding is available.
- **SCADA** is an electronic component allowing remote monitoring of our entire system. This is an expensive upgrade but will allow early alert to potential problems. Currently it is still on financial hold.

Other Business:

No other business was conducted.

On a motion duly made to adjourn and passed unanimously,

There being no further business to come before the meeting, the meeting was adjourned at 3:30 p.m.

Approved by:  Date: 1-20-11

Perry Dahlstrom, President

Approved by:  Date: 1-20-11

Wilfred Steiner, Secretary