



# *ANNUAL SHAREHOLDERS MEETING MINUTES*

Date: July 30, 2011 Time: 1:30 PM.

Location: CEDARPINES PARK COMMUNITY CENTER

**CALL TO ORDER:** President Dahlstrom called the meeting to order at 1:40PM

## **PLEDGE OF ALLEGIANCE**

**PRESENT:** President Perry Dahlstrom  
Vice President Ronald Albright  
Secretary Wilfred Steiner  
Treasurer Donald Pederson  
Director Paul Hartman

**CONSULTANTS:** General Manager – Sonny Gowan  
Administrative Consultant – Rhiannon Gowan  
Certified Public Accountant – Richard Lambright

**STAFF:** Angela Forder  
Mike Leyva

## ***ANNUAL SHAREHOLDERS MEETING***

### **INTRODUCTION OF THE BOARD OF DIRECTORS AND COMPANY STAFF**

**DISCUSSION:** Director Dahlstrom introduced the members of the Board of Directors and the Company Staff to the shareholders.

**ACTION TAKEN:** None

### **REVIEW OF COMPANY STATISTICS:**

**DISCUSSION:** Director Dahlstrom reported the following:

- Currently we have 728 Service Connections
- Our customers used 37,072,161 gallons of water from May 1, 2010 through April 30, 2011.
- There are 4,340 shares outstanding.
- We have 4,340 shares outstanding, 2,171 shares must be represented in person or in proxy to conduct a shareholder's business meeting.
- The number of shares not in good standing is 257, 2,043 shares must be represented in person or in proxy to conduct a shareholder business meeting.
- CPPMWC has 564 shares represented, in person and in proxy, as of 1:30 PM on Saturday, July 30, 2011.
- We do not have a quorum of shares in person and in proxy, there is a quorum of Board of Directors present and they will conduct the annual meeting.

**ACTION TAKEN:** None

**FINANCIAL STATUS:**

**DISCUSSION:** Richard Lambright, CPA of 180 Business Solutions was introduced and provided a review of the unaudited 2010 fiscal year financials.

Cash has improved 67% over last year, due to collection efforts of past due accounts, new connection charges and new shares. The reserve cash fund has been depleted which needs to be addressed. The income statement shows a net loss of \$200k in the prior year that was reduced to a loss of \$55k this year, for a total decrease of 75%.

**ACTION TAKEN:** None

**LITIGATION OR POTENTIAL LITIGATION:**

**DISCUSSION:** Director Dahlstrom reported that we have been advised by our attorneys that expediting legal issues would increase our expenses.

- BENNETT EASEMENT the company offered to settle by purchasing an easement and it was rejected. Our attorneys have advised us to not to discuss anymore on this matter. A trial has been set for September 26, 2011 at 10:00AM.
- CANYON VISTA there is no current litigation pending on this matter to date.

**ACTION TAKEN:** None

## **CHANGES IN OPERATIONS:**

**DISCUSSION:** New staff currently includes a water utility operator and office accountant. The company is in the process of filling a second water utility operator position and a general manager position. The ECS contract will end October 28, 2011.

**ACTION TAKEN:** None

## **NOTICE OF METER CHARGE**

**DISCUSSION:** The board approved a meter charge on July 15, 2011 in lieu of increasing cost of water service. The meter charge is intended to replenish both the RUS loan reserve and one month of operating capital. We are required by a contract with the federal government to retain one year worth of payments in the amount of \$91,700 in reserves for our 40 year loan that was signed in 1996. The company has been operating at a deficit for several years and was forced to deplete the reserve. A question was raised regarding a refund of the meter charge if the economy turns around and more accounts are added. Director Dahlstrom indicated there would not be a refund, however, the meter charge would stabilize the company and reduce the need for rate increases in the future. The funds for the reserves will be placed in a separate account that will not be used for operational expenses. Shareholder Cheryl Turpin asked why only the metered accounts were charged the assessment. Director Dahlstrom indicated the non-metered accounts were not charged the meter charge because the board intends to review the declining meter fee schedule for a possible increase in the future. Director Albright added that because the non-metered accounts do not consume water, their impact on operating costs is lower.

**ACTION TAKEN:** None

## ACQUISITION STATUS

**DISCUSSION:** There was discussion regarding the Crestline Acquisition status. Director Dahlstrom indicated Crestline would be willing to enter into an acquisition with Cedarpines Park. However, Cedarpines Park would have to front the costs of the acquisition and be solely responsible for the RUS loan debt. There was also discussion regarding the possibility of a Golden State Water Company acquisition.

**ACTION TAKEN:** None

## ADJOURNMENT

The Meeting was adjourned by Director Dahlstrom at approximately 2:22 P.M.

Approved by: \_\_\_\_\_

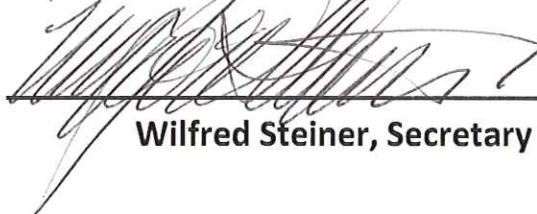


Perry Dahlstrom, President

Date: \_\_\_\_\_

10/27/11

Reviewed By: \_\_\_\_\_



Wilfred Steiner, Secretary

Date: \_\_\_\_\_

10/27/11