

STOCKHOLDERS MEETING

Members and interested parties of The Upper Surface Creek Domestic Water Users Association held a meeting at the Cedaredge IOOF Hall July 25, 1957 at 8P.M.

President A. W. Metzger called the meeting to order.

President Metzger stated the meeting was called to discuss joining the Town of Cedaredge in piping spring water from Grand Mesa .

A preliminary survey by Laren Morrill showed the average cost per tap would run \$9.95 per month per tap for 7,000 gallons. Ward Taylor of the F.H.A. stated that they usually work out a rate schedule and the smaller users would probably run \$7. or \$8. per month, if actual cost of construction compared with the estimate submitted by Mr. Morrill.

Mr. Taylor stated that an F.H.A. loan could be paid off at any time prior to the end of the contract. Members not able to pay the cash contribution of \$145. can give a demand promisory note. If they worked out the note on the pipeline, the note would be cancelled.

Mr. Taylor said that since the F.H.A. is a non-profit organization, it would be best if none of the members try to pay off their share in a lump sum.

Mr. Rose, F.H.A. engineer said the \$145. cash contribution had to be on hand at the time construction starts. He said labor for the contribution usually proved unsatisfactory. He also said that there might have to be some of the extremities dropped and other changes made if cost figured too high, as \$10. per month was about the saturation point, and if 30% dropped out it would throw a burden on the rest.

After a brief discussion the President asked for a vote on the question, "Does the Upper Surface Creek Domestic Water Users Association wish to join the Town of Cedaredge in Piping spring water form Grand Mesa, to have Cedaredge put in the line and for the Association to pay Cedaredge by the month, until the share was paid off?"

The motion was made by J. D. Loucks andseconded by Walter Nielsen. The motion carried unimously.

On a motion by Porter Sheppard and seconded by Mr. Snyder, the meeting adjourned.

V. W. Vanderbilt
Secretary

TREASURER'S REPORT

Dec. 10, 1957

UPPER SURFACE CREEK WATER USERS ASSOCIATION

Income: 93 Memberships @ \$5.00 = \$465.00

Expenditures:

Bank Collection Charges ----- .45

Stewart and Brown

Deposit on Incorporation Costs 150.00

Figure 4 Ranch:

Option on 10 shares Alfalfa

Ditch ----- 10.00

I.O.O.F. Hall Rent ----- 2.00

Delta Press: Advertising ----- 2.52

Postage ----- 5.46

Total expenses ----- \$170.43

Dec. 10, 1957 Bank Balance ----- \$294.57

Vernon W. Vanderbilt
approved Dec 10, 1957
R.A.L.

ANNUAL
STOCKHOLDERS MEETING

Members of The Upper Surface Creek Domestic Water Users Association held a meeting at City Hall in Cedaredge on December 10, 1957.

President A.W. Metzger called the meeting to order at 8 o'clock. There were 20 members and three board-members present. Board-members were president, A.W. Metzger, Vice-president, Mack Gorrod, and Ruel Loucks.

Howard Borgman gave a talk on what has been done to date by F.H.A. and the pipe line committees. He stated that the questionnaires had not all been turned in and some that were, were very incomplete. He also said that the State Engineer, Mr. Cecile Rose, would be in next week and would go over the line with him and also see some of the members. He would try to get a report completed to send in to Denver and Washington, D.C.

Motion was made by Rodger Phillips that the Board of Directors and the Engineer work up the most feasible plan on the deal with Cedaredge on a joint pipeline. Motion was seconded by Lloyd Mahannah, and was carried unanimously.

Treasurer's report was read and approved.

Motion was made by Claude Flood that the five board members be held over for another year and a unanimous ballot be cast by the secretary. Motion was seconded by Perry Bowers. Motion was carried.

Motion for adjournment was made by Lloyd Mahannah and seconded by Lloyd Anderson. (9:30)

Ruel A. Loucks

Secretary

The following members voted by proxy:

A.W. McPherson by Claude Flood
Floyd McPherson by Claude Flood
Ernest Lowell by Claude Flood
Clarence Benson by Mack Gorrod
Etta M. Vanderbilt by Mack Gorrod
Vernon Vanderbilt by Mack Gorrod
Lewis W. Grover by Ruel Loucks
Paul D. Nelson by Ruel Loucks

The following members were present:

Glen Muck
Perry Bowers
Art Breusch
Maude Reed
Ivan Threewit
Mrs. Paul Farley
Howard Toothaker Sr.
Lloyd Anderson
Gene Barret
E.E. Nichols
Ed King
Claude Flood
Lester Peebler
Joe Long
Walt Neilson
J. E. Dickson
Lloyd Mahannah
A. H. Melugin
Mrs. Blanche Phillips
F. W. Snyder

TREASURER'S REPORT

Feb. 4, 1959

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION

Income:

Am't in bank at close of Vanderbilts term ---\$294.57
Membership deposit (Jack Gore & Snyder)--- 10.00
\$304.57

Expenditures:

Notice of Annual Meeting Ad.-----\$ 3.12
Jan. 14 1958

Stewart & Brown

Statement to date of Dec. 6, 1958- 69.94

A.W. Metzger:

11 phone calls and photo-
static copies of legal

papers----- 15.22

Total expenses ----- \$88.28

Bank balance ----- \$216.29

Ruel A. Loucks

Ruel A. Loucks, secretary

approved 2-12-59
J. W. Vanderbilt
acting Secy.

STOCKHOLDERS MEETING

Members of the Upper Surface Creek Domestic Waters Users Association held a meeting at the City Hall in Cedaredge February 3, 1959.

President A.W. Metzger called the meeting to order at 2 P.M. Forty members and four board members were present, Board members being A.W. Metzger, Floyd McPherson, Mac Gorrod, and Vernon Vanderbilt.

Loren Morrel, engineer, Howard Borgman F.H.A. Field man, Ed Marah, George Bowness, and Al Bouldin of the Town of Cedaredge were also present.

Vernon Vanderbilt read the minutes of the Stockholders meeting of December 10, 1957. On a motion by Tom Beckman, seconded by Lloyd Mahannah, the minutes were approved as read by unanimous vote.

A.W. Metzger opened nominations for board members for the ensuing year. Lloyd Mahannah moved the present board be retained for the year. Claud Flood seconded the motion. A unanimous ballot was cast.

Mr. Metzger stated that it was necessary to determine the number of members that would go along on the specifications set up by the F.H.A. for loan application's final approval.

The Following rates were read:

\$220.00 per tap in addition to the \$5.00 initial payment and rates for repayment and water.
\$8.50 per month minimum for 2000 gallons, the next
3000 gallons @ 80¢ per thousand, The next
5000 gallons @ 60¢ " " " , The next
5000 gallons @ 40¢ " " " , The next
16,000 gallons @ 20¢ per thousand, The next, and all over
25,000 gallons @ 10¢ " " " .

Mr. Borgman stated these rates were set up for trial for the first year and could be changed according to needs by the board with F.H.A. approval.

Glen Lowell asked how the current expenses were to be distributed if the project did not pass and as to what it would take.

Mr. Metzger stated the cost would be assessed equally to each of the persons who had signed the membership sheets.

Loren Morrill said the engineering fees were around \$1500.00.

Vernon Vanderbilt gave the treasurer's report that the bank balance was \$216.29.

As Mr. Brown was unable to attend the meeting, it was not sure if he had any fees which were unpaid. It was an estimate of \$18.00 per member would be needed.

Mr. Metzger asked for a count as to how many members present would be in favor of going along for \$220.00 cash and \$8.50 per month minimum monthly for 2000 gallons of water, and 33 members approve.

Mr. Borgman said a sign-up of a demand note for \$200.00 and \$20.00 dash should be obtained by March 5, 1959 and note payment by May 1, 1959. He said a committee of members could be appointed to help contact members. A.W. Metzger appointed T.H. Hanson to help.

The Meeting adjourned at 5:30 P.M.

Vernon Vanderbilt
acting secretary

approved Dec 8, 1958
R.A.L.

TREASURERS REPORT

Dec. 8, 1959

Balance in Bank Feb. 4, 1959-----	\$216.29
Am't collected for memberships-----	<u>21,370.00</u>
Total-----	21,586.29

Dispersments:

T.M. and Anna Lumly 10 Sh. Alfal. Stk	\$6,000.00
Postage and Phone Calls -----	54.17
Printing and advertising-----	75.73
Engineering Fee -----	<u>2,136.24</u>
Total Expenditures-----	\$8,246.14

Balance on hand \$13,340.15

Ruel A. Loucks
Ruel A. Loucks, secretary.
approved By Stockholders
Dec 8, 1959

NOTICE OF SPECIAL MEETING.

TO THE STOCKHOLDERS OF UPPER SURFACE CREEK DOMESTIC WATER USERS
ASSOCIATION:

Pursuant to call of A. W. Metzger, President of said Association, NOTICE is hereby given that a Special Meeting of the stockholders of this Association will be held at the Town Hall at Cedaredge, Colorado, on Monday, May 25, 1959, at the hour of 8:00 o'clock, P.M. for the purpose of transacting the following business:

FIRST: To amend ARTICLE 11 of the Certificate of Incorporation to add certain branch lines to the description of the rights of way claimed by the Association and to delete a portion of the described right of way which will not be used.

SECOND: To amend the By;Laws of the Association as follows:

A. To amend Section 1 of ARTICLE 111 to increase the membership fee from the sum of \$150.00 to the sum of \$225.00.

B. To amend Section 2 of ARTICLE VII to provide in effect that the Board of Directors of the Association shall have additional power to levy such additional assessments at any time that it may be required to offset any deficits in cost of operation and debt retirement payments, as required by F. H. A. letter dated December 12, 1958.

THIRD: To pass a Resolution to authorize the Board of Directors of the Association to borrow the sum of not to exceed \$140,000.00 for not to exceed 30 years time for the acquisition of water rights and construction of the water system to serve the members of this Association and to designate the officials to execute all necessary and proper evidences of indebtedness; to enter into contracts for the construction of said Association's portion of the main supply line and the Association's distribution line; and to do all things necessary and proper to proceed with the domestic water system project.

Dated at Cedaredge, Colorado, this 11th day of May, 1959.

A. W. Metzger
President.

Raul A. Sanchez
Secretary.

MINUTES OF SPECIAL MEETING OF MEMBERS OF
UPPER SURFACE CREEK DOMESTIC WATER
USERS ASSOCIATION.
MAY 25, 1959.

Pursuant to call of President Metzger, the members of the Upper Surface Creek Domestic Water Users Association met at the Town Hall in Cedaredge on May 25, 1959, at 8:00 o'clock, P. M. 62 members were present which constitutes more than two-thirds of the entire membership and the following members of the Board were present: A. W. Metzger, President, Mack Gorrod, Vice-President, Ruel A. Loucks, Secretary, Vernon Vanderbilt and Floyd McPherson. Also present were A. Allen Brown, attorney, and L. D. Morrill, engineer.

The minutes of the annual meeting held on February 3, 1959, were read and approved.

Pursuant to a notice mailed to all of the members, the President then called for a discussion on the proposal to amend Article II of the Certificate of Incorporation in regard to the description of the rights of way for the Association pipeline. Since it has not yet been fully determined where certain additional lines will be placed, it was moved that the President and Secretary be authorized to review the description of the right of way set forth in Article II of the Certificate of Incorporation with the Association's Engineer, Mr. L. D. Morrill, redraft the description of the line to include lines to new members, who have been taken in since the original incorporation, and delete the portion of the old original line which will not be used because of change of source of supply from the system of the Town of Orchard City to certain springs on Grand Mesa and that the President and Secretary shall then prepare and file a Certificate of such changes with the Secretary of State and the County Clerk of Delta County in the manner required by law. Said motion was duly seconded and upon vote being taken was unanimously carried.

The matter of amending Section 1 of Article III of the By-Laws to increase the membership fee from \$150.00 to \$225.00 was then discussed. It was then moved and seconded that Section 1 of Article III be amended to read:

"Section 1. Persons who reside within the area served by this Association, as described in the Certificate of Incorporation, and, considering the needs of users who may already be members, for whom the Association has an adequate supply of water, and can serve without undue hardship, inconvenience or expense, shall be eligible for membership upon application in such form as provided by the Association and upon payment of a membership fee of Two Hundred Twenty-five Dollars."

Upon vote being taken, said Motion was unanimously carried.

The question of amending Section 2 of Article VII of the By-Laws in regard to giving the Board of Directors power to levy additional assessments in case of deficit in operation and payment on debt was then discussed. Mr. Brown, Attorney for the Association, pointed out that the existing provisions in Section 2, Article VII were adopted in conformity with the request made by the Farmers Home Administration by letter dated August 10, 1955, on instructions from Mr. B. B. Wallace, Acting Attorney in charge.

It then appears that the present request that the Board of Directors be given authority to levy special assessments at any time throughout the year to meet deficiencies or emergency emanates from the State Director's Office of the F.H.A. in Denver, and that such request is somewhat inconsistent with the Statute, C.R.S. '53, 31-14-4, which provides:

"But no such assessment shall be made unless the question of making such assessment shall be first submitted to the stockholders of the corporation at an annual meeting or at a special meeting called for that purpose", etc.

In order to reconcile this request, as near as may be, it was suggested by Mr. Brown that Article VII, Section 2 of the By-Laws of this Association, be amended by adding thereto the following provision:

"In the event the revenues of the Association are insufficient at any time to pay current costs of operation and maintenance and debt retirement payments and are resulting in a deficit so as to jeopardize debt retirement payments, or in cases of financial emergency requiring the levying of a special assessment, it shall be the duty of the Board to call a special meeting of the members to consider the question of levying such special assessment as may be required to make up the deficit or to meet the emergency, and in the event there are insufficient members present to constitute a quorum, or the members fail to levy an adequate assessment to take care of such deficit or emergency, then it shall be the duty of the Board of Directors to proceed to make such levy and collect the same for the purposes required."

The matter of borrowing money from the Farmers Home Administration was then discussed and upon motion of Allen Cook, seconded by George Wetman, the following Resolution was offered and read to the members:

"RESOLUTION OF THE MEMBERS OF THE
UPPER SURFACE CREEK DOMESTIC WATER
USERS ASSOCIATION, CEDAREGE, COLORADO.

RESOLVED, that the Board of Directors of this Corporation be and they hereby are authorized and empowered to obtain for and on behalf of the Corporation, through the Farmers Home Administration or any other Governmental agency, a loan in a sum not to exceed the amount of One Hundred Forty Thousand (\$140,000.00) Dollars to be advanced by the Government or other lender in one or more advances at such time or times as may be agreed upon.

1. To execute such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;

2. To obligate this Corporation for the repayment of such loan at such rates of interest and on such other terms and conditions as the Board of Directors shall deem proper;

3. To execute and deliver to the lender all such written instruments as may be required in regard to or as evidence of any loan made pursuant to the terms of this resolution;

4. To pledge, hypothecate, mortgage, convey, or assign property of this Corporation of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present, and/or future) of this Corporation;

5. From time to time to pay, extend or renew any such obligation;

6. To reborrow from time to time, subject to the provisions of this resolution, all or any part of the amount repaid to the lender;

7. To do and perform all further acts and things necessary and/or proper in their judgment for the carrying out of the terms of this resolution; and

8. To cause the Secretary or Acting Secretary to affix the corporate seal of the Corporation to any or all instruments executed in connection therewith."

Following further discussion, a vote was taken and those voting:

FOR THE RESOLUTION: 62
AGAINST SAID RESOLUTION: None

After some further discussion of the Association business, President A. W. Metzger called a meeting of all members of the Board of Directors immediately following the membership meeting and on motion the membership meeting was then adjourned.

Paul A. Loucks
Secretary.
approved by stockholders
Dec 2, 1959

ANNUAL STOCKHOLDERS MEETING

Dec. 8, 1959

The meeting was called to order at 2 o'clock by Vice President Mack Gorrod. Twenty-nine members and ~~four~~ four board members were present. Board members being Mack Gorrod Vice Pres. Ruel Loucks, Sec. Treasure, Floyd McPherson and Vernon Vanderbilt.

Secretary Ruel Loucks introduced some special guests: Ward Taylor, Montrose F.H.A. Representative, Laren Morrill, Engineer; Earl Troop, contractor; E.G. Painter, contractor; John Priester, Armco pipe representative and Ed Marah, George Bowness and A. Bouldin all of Cedaredge City Council. Several other visitors were present.

Determination of Quorum: 33 members present and 10 proxies.

The minutes of the last meeting were read and approved. The minutes of the annual board meetings were then read and approved.

The minutes of the Special meeting dated May 25, 1959 were read and approved. Also the minutes of our last board meeting dated Nov. 30, 1959 were read.

The Treasurers report was read by the secretary reporting a bank balance of \$13,340.15.

Robert Phillips made a motion that the report be accepted, second by Karl Fenick. Carried.

Vice President, Gorrod asked for any questions and discussions. The latest water rate was asked for. Ward Taylor gave us this information from a letter dated April 29, 1959 from Howard Borgman F.H.A. fieldman.

5,000. gal. minimum \$8.50.
next 5,000 gal @ 70¢ per thousand
next 5,000 " @ 50¢ per thousand
next 10,000 gal @ 25¢ per thousand
next 20,000 gal @ 15¢ per thousand

Cletus McCoy asked if there is any way Dry Creek area could get the pipeline to them. Mack Gorrod stated that we could not take on extra taps outside the defined area at this time.

Mr. Taylor said we should complete our project at we now have it and expand later.

Earl Troop said there would be around \$1,000 to \$2,000 extra for labor on the line to Cletus McCoy's for 4 taps.

J.D. Loucks asked when the construction would start. Laren Morrill said we would have to wait on material and that the bids on materials would open Tues. Dec. 15 at 2 o'clock at the Cedaredge Town Hall.

The board members have been elected at the same time and re-

elected at the same time and re-elected the same way proviously. The Board decided we should vote for 2 board member to remain for a peroid of one year, the three vacancies to be filled by nominations and election. This was satisfactory with the stockholders. The board members declined from voting their reproxies of which there were eleven.

Votes for retaining members were:

Vernon vanderbilt--24
A.W.Metzger----- 2
mack Gorrod ----- 6
Ruel Loucks -----22
Floyd McPherson ---10

Ruel Loucks and vernon Vanderbilt to remain in office for one year. Gorrod opened nominations for 3 board members. The high three to take offices. vote being taken showed the following.

Floyd McPherson ----- 28
A.H.Strassle ----- 2
Paul Farley ----- 5
Robert Phillips ----- 22
Karl Penick ----- 16
Glen Cook ----- 6
H.G.Burgess ----- 7

Glen Cook made motion that nominations close. Seconded by Tom Beckman. Carried.

J.D.Loucks made motion that Mac Gorrod be elected by acclamation because he was the only Surface Creek nomonee. Seconded by Cris Beiler. Carræed. Secretary cast unanimous ballot.

Floyd McPherson and Robert Phillips were elected as board members for 2 years. Mac Gorrod also will hold office for 2 years. Karl Penick made a motion that we give A.W.Metzger a vote of thanks for the time and effort he put in for more than 4 years on the board as president. Seconded by Nick Macki. Carried unanimously.

There being no further business J.D.Loucks made motion the meeting be adjourned. Seconded by Claud Flood. Carried.

RAL:ep1

*Approved
Sept 2, 1960*
Ruel A. Loucks, Sec

Members present at the annual stockholders meeting on Dec. 8, 1959

Art Euresch
Karl Fenick
S.S. Doughty
Claud Flood
Eunice Fember
Ruel Loucks
Ida Cook
Mr. S. George Hanson
Ben Reynolds
Henry Wick
Vernon Vanderbilt
Mr. Dickson
Maude Reed
Art Morris
R. Phillips
Ivan Threewit
Jay Parker
C.E. Nichols
N.A. Macki
John Lacy
Tom Beckman
F. McPherson
Mac Gorrod
Lloyd Anderson
Hann Rowley
Harold McCoy
Paul Farley
J.D. Loucks
C.A. Beiler
Tony Strassle
Don Cramer
Lester Feebler
Glenn Lowell

Proxies Present

Charles Moschoner by Sheppard
George Lugard by Anderson
Joe Long by Ruel Loucks
Duane Benninger by Ruel Loucks
Paul Nelson by V. Vanderbilt
Clarence Benson by R. Phillips
Charles Buzzard by F. McPherson
Nora Nicks by V. Vanderbilt
Ernest Lowell by F. McPherson
Etta Vanderbilt by V. Vanderbilt

MINUTES OF SPECIAL MEETING OF MEMBERS OF
UPPER SURFACE CREEK DOMESTIC WATER
USERS ASSOCIATION.

SEPT. 2, 1960

Pursuant to call of President Bob Phillips, the members of the Upper Surface Creek Domestic Water Users Association met at the Town Hall in Cedaredge on September 2, 1960, at 8:00 P.M. 23 members were present and 4 members of the board of Directors. Board Members present were Bob Phillips, President, Ruel Loucks, secretary, Vernon Vanderbilt, Floyd McPherson. Present also were Mr. Ward Taylor of F.H.A. of Montrose, Larry Morrill, engineer, Allen Brown, attorney and Earl Troop, contractor. There were 15 proxys, making a total of 27 members, together which constitutes a quorum.

The minutes of the last meeting were read and approved.

Phillips explained that the purpose of the meeting is to consider the Redlands Mesa extension project to become part of the Upper Surface Creek system. He states that the maintenance would be much cheaper per tap than the original system because it will be a dole system. There would be at least 41 taps on Redlands Mesa.

Secretary gave a financial report as follows:

Collections from Memberships,	\$22,960.00
Collected from Individual pipe,	4,089.09
Refund from Secretary bond	20.00
Total	<u>\$27,069.09</u>
Loan from F.H.A.	137,000.00
Total Credits	<u>\$164,069.09</u>

EXPENSES

Phone calls, office supplies and Printing	\$ 153.17
10 shares Alfalfa Ditch Stock	6,010.00
Lawyer and Legal fees	900.14
Paid to Engineer	7,040.00
Rent of Hall	2.00
To Cedaredge on joint pipeline	25,250.00
To F.H.A. on interest during construction	2,000.00
Paid to Contractor	43,207.73
Money returned to taps not served	275.00
Paid for Freight	25.00
Returned on Pipe orders	30.34
Alfalfa Ditch (1960 Assessments)	10.00
Not transferred from Co. account	10.00
Balance in F.H.A. Supervised Account	\$3,182.40

Larry Morrill explained some about the Redlands project. The 2½ inch mainline will be galvanized and most of the other pipe will be plastic. It will be a dole system. The dole valves will be 1 quart per minute, except for people wanting more than that per month. These will be 2 qt. doles and will be charged for accordingly. The dole valve system will operate much cheaper than the gravity system and cost considerably less per mile to install. He says Upper Surface Creek will be at an advantage because our water would be moving all the time to the dole system making fresher water and also there would be less chance of frozen lines. He said we have plenty of water. Upper Surface Creek's peak use of each month for 100 taps would be 1,200,000 gal per month. ~~A total of 1,716,6000 gal per month~~

and the 52 qt. per min. on Redlands Mesa would be 561,600 gal per month. A total of 1,761,600 gal..¼ second foot of water is 4,860,000 gal. per month.

The water charges on Redlands would be a minimum of 10,000 gal for \$8.50 and 2nd 10,000 gal to be charged @ \$6.00.

Mr. Taylor said the money is available now and if approved, we could get the money. He read us the Tentative Loan approval. The amount of the loan is \$68,500.00. The company will have to have collected \$2.25.00 membership fees from at least 140 members. The 41 new members to have \$225.00 each paid before loan closing.

The Upper Surface Creek Board of Directors has already demanded that the cost to the original 99 members would not increase on account of taking on the 41 new members.

Allen Brown gave us some information of boundaries of the proposed area. The original boundary does not include the proposed area and a new boundary would have to be set and voted by a 2/3 majority. He asked if we would like to put into our by-law to have 7 Board Members instead of the present 5.

President Phillips states he thinks we should take in the area because the country as a whole should go ahead together. He entertained a motion to resolve that the Board of Directors be authorized to complete this project.

J.D.Loucks made that motion, seconded by H.G.Burgess. A vote was called for and a unanimous vote was cast in favor.

After this vote, the necessary amendments to the Articles of Incorporation were acted on. These articles and action taken are listed on the supplemental sheets following.

Upon this action's completion, the meeting adjourned.

Raul G. Loucks Secy

2 SUPPLEMENTAL SHEETS

SPECIAL MEETING
OF
THE UPPER SURFACE CREEK DOMESTIC WATER
USERS ASSOCIATION, held at the Town Hall
in Cedaredge, Colorado, on Friday,
September 2, 1960, at 8:00 P. M.

The matter of extending the pipeline to 41 members on Redlands Mesa area to be connected on the Dole Valve basis was thoroughly discussed, including the requirement that the Articles of Incorporation would have to be amended as well as the By-Laws of the Corporation in order to accomplish this result and also that it would be necessary for the Association to borrow additional \$61,500.00 from the Farmers Home Administration in order to make such extension and take care of other corporate obligations.

Following the unanimous vote of all present to make such extension, it was moved by Glenn Cook and seconded by Gene Barrett and unanimously carried that the following amendment of the Articles of Incorporation be adopted by the shareholders of the Corporation on this 2nd day of September, 1960, in the following particulars:

That Article II of the Articles of Incorporation, (Sub-section a) should be amended to read as follows:

C. The entire interest in an extension from the Association's distribution system to Redlands Mesa to serve members in that area on a dole valve system, along rights-of-way described as follows: (Description to be determined by Registered Engineer L. D. Morrill and written into Amendment of Article II of Articles of Incorporation and filed with Secretary of State and County Clerk of Delta County, Colorado).

It appearing that the above change and increase in memberships in the Association from 99 to 140 or more indicated the advisability

of increasing the number of directors in said Association from 5 to 7, it was moved by J. D. Loucks and seconded by H. G. Burgess, and unanimously carried that Article V of the Articles of Incorporation should be amended as follows:

"V: The affairs and management of said Association shall be under the control of seven directors. Said directors shall be selected from three districts served by said Association designated as:

1. The Upper Surface Creek area,
2. The Cedar Mesa Area,
3. The Redlands Mesa area,

and at least two directors, but not more than three directors, shall be selected from each area; that the present directors shall continue to serve for the Upper Surface Creek and Cedar Mesa area until the next annual election and that said present Board of Directors shall name two directors to serve from the Redlands Mesa area until the next annual election. That the term of office of the members of the Board of Directors shall be for two years and that four members of said directors shall be elected in each even numbered year and three directors shall be elected in each odd numbered year in the manner as provided by the By-Laws of this Association."

It was then moved, seconded and unanimously carried that the President and Secretary of this Association certify the above amendments to the Secretary of State of the State of Colorado forthwith.

In order to amend the By-Laws of the Upper Surface Creek Domestic Water Users Association to conform to the amendment to include Redlands Mesa area in the Association, it was moved by J. D. Loucks and seconded by H. G. Burgess and unanimously carried that Article III entitled "Membership", Section 4, be amended by adding paragraph (a) to read as follows:

"Section 4. The rights, privileges and obligations of all members in this Association shall be equal, except as provided in Section 5 of Article IV of these By-Laws; and provided further, that the members in this Association in the Upper Surface Creek area and in the Cedar Mesa area shall continue to be served by a high pressure system. The members on the Redlands Mesa area shall receive water on a dole valve system in such quantities of water as the Board of Directors may from time to time decide, provided, however, that all members shall pay an equal minimum monthly rate for such water. Rates shall be fixed by Resolution of the Board of Directors and filed with the Secretary of the Association." *FOR OFFICIAL ACTION ON THIS AMENDMENT, SEE PRECEDING PAGES OF MINUTES*

In order to amend the By-Laws of the Association to conform to the amendment in regard to the number of directors of said Association, it was moved by J. D. Loucks and seconded by H. G. Burgess and unanimously carried that the following amendment to Article V of the By-Laws be adopted, to-wit:

ARTICLE V
Directors.

Section 1. Functions of the Board of Directors:
The business and affairs of this Association shall be managed by a Board of seven Directors. Its functions shall include the

- (a) selection of and delegation of authority to management,
- (b) determination of policies for guidance of management,
- (c) control of expenditures by authorizing budgets,
- (d) keeping of members fully informed of the business of the Association,
- (e) causing audits to be made at least once each year, or oftener, and reports thereof to be made directly to the Board, and
- (f) establishing of water charges and the levying and collecting assessments and enforcing the collection thereof in accordance with the laws of the State of Colorado.

Section 2. Election and Term of Board Members.
The first Board of Directors, consisting of those named in the Certificate of Incorporation shall serve for one year or until their successors are chosen and have qualified. At the

next annual meeting of the Association in December of 1960, one director from the Upper Surface Creek area, one director from the Cedar Mesa area shall hold over for one year each. The stockholders shall then elect a new member from the Upper Surface Creek area and a new member from the Cedar Mesa area, each to serve for two years, and shall also elect two members to the Board from the Redlands Mesa area, one receiving the lowest vote to serve for a period of one year and the one receiving the highest vote to serve for a period of two years and annually thereafter four directors shall be elected in the even numbered years and three directors shall be elected in the odd numbered years.

Paul G. Loucks
Secretary.

ANNUAL STOCKHOLDERS MEETING

December 13, 1960

The meeting was called to order by President Robert Phillips, at 2:15 P.M.

The roll was called. Thirty five members were present and thirty five proxies were held, making enough for a quorum.

Ward Taylor-F.H.A., Laren Morrill-engineer, and Earl Troop-contractor, were present and were introduced.

Board members present were Robert Phillips, Mack Gorrod, Ruel Loucks, Vernon Vanderbilt, Fred Burritt, and John Hawkins.

Ruel Loucks read the minutes of the last annual meeting. they were approved as read.

Robert Phillips gave a report on construction and operation of the Pipeline system, and on collection and water delivery. He mentioned some of the duties of the board members.

The secretary gave the financial report, statement of income and expenditures, and the audit report. A motion was made by Earl Troop and seconded by Ray Coffey that these reports be accepted. the motion was carried.

The operating budget for 1961 was read by the secretary. Ray Coffey moved the budget be accepted, seconded by John Hawkins. Motion carried.

President Phillips stated the next item of business was election of board members, 2 from Redlands Mesa(one for one-year term, and one for a two-year term), one from Surface Creek for a two-year term, and one member-at-large from any of the three areas for a two-year term.

Nominations were opened for 2 officers from Redlands Mesa. John Hawkins was nominated by Harry Wood, and Fred Burritt was nominated by John Kinderknecht. A motion that nominations close and the two nominees be elected by acclamation, using a coin to designate the member to have the two-year term, was made by Earl Troop and seconded by Emil Cozetto. The motion carried unanimously. John Hawkins won the flip for the two-year term.

Nominations for a director from the Surface Creek area for a two-year term to replace Vernon Vanderbilt, whose term expired. Mack Gorrod nominated Vernon Vanderbilt. Mann Rowley moved the nominations close, and Vanderbilt be elected by acclamation. John Burritt seconded the motion.

Nominations were opened for a member at large for replacing Ruel Loucks whose term was expired. This member to have a two-year term. H. G. Burgess was nominated by Harry Wood. Ruel Loucks was nominated by Joe Long. John Burritt moved nominations close, seconded by Ray Coffee. A ballot was taken and Mr. Burgess was elected (47) over Ruel Loucks (23).

Laren Morrill said they have started on the Redlands Mesa project and would go ahead as soon as it is warm enough to lay plastic pipe.

Robert Phillips suggested a stand pipe be put at the end of our line to allow Redlands people to haul water this winter.

It was decided a fire outlet should be put in on the Redlands Mesa line where-ever there is enough pressure to operate them.

The meeting adjourned.

Paul A. Loucks
Secretary

TREASURER'S REPORT-DEC. 13, 1960

COMPANY ACCOUNT
INCOME.

Cash on hand at start of period-	\$13,340.15
Income from assessments	4,956.65
Income from memberships less ref.	10,540.00
Total cash	<u>28,836.80</u>
Less transfer to FHA acct.	(17,305.62)
Total Cash funds	<u>\$11,531.18</u>
Less total expenditures-	<u>10,253.88</u>
Cash on hand Dec. 13, 1960	<u>\$ 1,177.30</u>

EXPENDITURES

Wages and Salries	\$139.50
Materials & Supp.	51.84
Water Assessments	10.00
Town of Ced. Service	500.00
Interest-FHA	2,005.10
Sec. Bond	30.00
Principal Pmt. FHA.	994.90
Dist. Sys. Net	<u>6,522.54</u>
Total Expen.	<u>\$10,253.88</u>

F.H.A. SUPERVISED JOINT ACCOUNT

INCOME.

F.H.A. Loan	\$137,000.00
Transfer from Company Acct.	<u>17,305.62</u>
Total Receipts	<u>154,305.62</u>
Less membership refund	<u>50.00</u>
Total Cash Funds	<u>\$154,255.62</u>
Less Total Expen.	<u>146,489.51</u>
Cash on hand Dec. 13, 1960	<u>\$ 7,766.11</u>

EXPENDITURES

Distribution Sys.-	\$144,489.51
Interest-FHA	1,680.28
Principal Pmt. FHA	<u>319.72</u>
Total Expen.	<u>\$146,489.51</u>

Secretary

ANNUAL STOCKHOLDERS MEETING

December 12, 1961

The annual stockholders meeting of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge Town Hall at 2: P.M.

The meeting was called to order by President Robert Phillips.

The roll-call showed 14 members present with 32 members represented by proxy, a total of 46 making a quorum.

Mr. Morrill-Engineer, Mr. Rose-FHA Engineer, and Mr. Jamison-Acting District Representative of the FHA, were also present.

The minutes of the last annual meeting, December 13, 1960 were read, and approved as read.

Mr. Phillips gave a report of the year's progress and operation of the pipeline. He stated it was planned to install a box on top of Cedar mesa to serve as an air relief, and to install more measuring devices, to serve as a record of water used and of water used by the town of cedaredge, to gain further revenue for the company.

The secretary gave a report of the year's income and expenses. A motion was made by Ivan Threewit, seconded by W. H. Sheppard, and passed by members that the report be accepted.

The secretary read letters received from members Jack Gore, asking if it would be possible to establish a cheaper rate for persons not using water the entire year, and from Paul Nelson asking if he could pay the cost of amortization, and not be charged for the water as he does not use any.

The secretary was asked how much of the \$850 per month was actual cost of water. The only cost of water itself was \$10. per year assessment on water stock, or approximately $\frac{1}{2}$ ¢ per month per member. The cost of the water stock was in original costs financed by FHA and is being paid in the amortized payments. Out of each \$850 collected 82½%, or \$7.01, go for FHA payments, .41¢ Goes to build the required reserve of \$700. per year for emergencies, .70¢ is required for yearly salaries for maintenance, billing, collecting, and necessary paperwork, ~~to keep system going~~, leaving .37½¢ for Postage, supplies, legal, repairs, audit, bond, insurance, and any other items necessary to keep system going.

A motion was made by Gene Barrett and seconded by C. D. Macfarlane, and passed unanimously that the secretary write Mr. Gore and Mr. Nelson explaining the circumstances, since the financial setup at present was such that the \$8.50 per month was for investment in the line and availability of use of water, and not water itself.

A motion was made by C. E. Flood and seconded by C. E. Nichols the minimum of water be raised from 5,000 to 10,000 gallons per month for meter users. After discussions for and against, a vote was taken and motion was defeated 36 to 7.

The proposed budget for the coming year, prepared by the directors was read and presented to the stockholders. A motion was made by C. D. Macfarlane, seconded by Earl Troop, and passed to approve the budget.

Mr. Phillips stated the next item of business was election of 4 directors for two year terms.

The first to be elected was from the Surface Creek Area for two years to replace R. P. Sheppard who was appointed to fill the unexpired term of Mack Gorrod, after his resignation.

Andrew Herman nominated R. P. Sheppard. Ivan Threewit moved nominations close and Sheppard be elected by acclamation. Vote was unanimous, after second by Earl Troop.

The second board member to elect was from the Redlands Mesa area as Fred Burritt's term was expired.

John Hawkins nominated Fred Burritt. Earl Troop moved nominations close and Burritt be elected by acclamation, seconded by Hawkins. Carried unanimously.

The third board member was to be from Cedar Mesa, for the term of R. E. Phillips had expired.

C. D. Macfarlane nominated R. E. Phillips. Earl Troop moved the nominations close and Phillips be elected by acclamation, seconded by A. C. McDonald. Voted unanimously.

The fourth vacancy to be filled would be for Floyd McPherson, to be filled from any of the three districts as a member at large. (Mr. Burgess, member at large elected in 1960 to be Cedar Mesa's second member for 1961.)

Andrew Herman nominated Floyd McPherson. C. D. Macfarlane moved the nominations close and McPherson be elected by acclamation, seconded by Earl Troop. McPherson was elected unanimously.

Mr. Morrill and Mr. Rose stated that they thought it highly commendable to the directors that the system was operating so smoothly in such a short time. Mr. Rose said he felt that it would be very unwise to try to give more water on the minimum, which would reduce income from overages on use, at present.

Mr. Morrill said that all systems have some trouble with meters, but he felt that the most of the trouble could be corrected, and that the extra taps which members purchased for making the system feasible would probably be in demand during the next year, and thus ease the burden on members with two or more taps.

Mr. Troop stated that he wished to express his appreciation for the co-operation of the members during his construction of the pipeline.

With no further business to take care of the meeting adjourned at 4:30 P.M. on a motion by Troop.

V. W. Vanderbilt Secretary

ANNUAL STOCKHOLDERS MEETING

December 11, 1962

The annual stockholders meeting of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge Town Hall at 2: P.M.

The meeting was called to order by the president, Robert Phillips.

The roll was called, showing 25 members present, with 41 proxies, constituting a quorum.

In addition to members, Arthur Cannon-Engineer and Richard Jameson-F. H. A. Supervisor were also present.

Minutes of the last annual meeting held December 12, 1961 were read and approved.

The president gave his report to the stockholders. He stated that the company had shown a loss for the year due to freezing problem during the winter, and that Mr. Troop had put the lines deeper in the places that had frozen due to being too shallow, and that a constant flow was to be maintained during the winter on dead-end lines to prevent freezing on those lines.

Mr. Phillips said that a solution to the air problem was still being sought, and that Morcan Engineering was to have valve manufacturing company send a factory man to determine if the valves were working properly, and try to locate trouble.

He reported that 5 of the extra taps had been disposed of and that there was only one left to sell, and that one other tap was to be repossessed due to non-payment of rent.

The financial report was given by the secretary. A motion was made by R. P. Sheppard and seconded by N. A. Macki that the report be accepted. The motion passed unanimously.

The proposed budget for 1963 was read to the stockholders. After a motion by Russel Church and second by A. C. McDonald, the members voted to adopt the budget.

The president called for any old business or any new business, with no response to either.

Arthur Cannon was called on to report anything he wished to say. He said the air problem was being investigated further before doing too much expensive experimenting without knowing if it would help. He said that the air was getting into the line above the first taps, so an air tank on Cedar Mesa would not help the taps above that point.

Mr. Jameson was asked if he had anything to report for the F. H. A., and he stated that they were well satisfied with the management and operation of the system.

Mr. Phillips called for the election of three directors for two year terms, one from the Surface Creek area (V. W. Vanderbilt term expiring), one from Redlands Mesa area (John Hawkins term expiring), and one member at large from any of the three areas (H. G. Burgess term expiring).

John Burritt nominated John Hawkins from Redlands Mesa. Isal Shields moved the nominations cease and Hawkins be elected by acclamation, seconded by Burritt. Motion carried.

Claude Flood nominated V. W. Vanderbilt from Surface Creek. R. P. Sheppard moved the nominations cease and Vanderbilt be elected by acclamation, seconded by Cletus McCoy, and passed unanimously.

John Burritt nominated H. G. Burgess to succeed himself as member at large. John Hawkins moved, seconded by W. H. Sheppard that the nominations cease and Burgess be elected by acclamation. Motion carried unanimously.

With no further business, the meeting adjourned at 3:30 P.M. after a motion by John Burritt and second by N. A. Macki.

V. W. Vanderbilt Sec'y.

SPECIAL STOCKHOLDERS MEETING
July 19, 1963

A special meeting of the stockholders of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge City Hall at 8:P.M.

The meeting was called to order by the president, N. E. Phillips. The roll was called and 32 members were present with 37 proxies, constituting a quorum.

Phillips stated the meeting had been called to consider authorizing the directors to negotiate with the F.H.A. for a supplemental loan to install stilling and storage tanks and such items necessary to increase the efficiency of the system.

The secretary gave a report on the actions that had been taken on the problems since the beginning of the line, with very little success as to remedying the problems.

Laren Morrill explained that the line had to be put in as a skeleton line due to limited funds available at the time of construction. He suggested a 50,000 gallon tank on Cedar Mesa and a 25,000 gallon tank on Redlands Mesa for removal of air and storage. He also suggested air removal devices ahead of the present valves, and pressure gauges in the boxes to aid the maintenance man regulate the pressure. Morrill stated the air box in the Hinote place was designed to operate by spilling a small portion of water, but this practice was halted due to objection of the water commissioners, thus decreasing the efficiency of this installation.

Mr. Morrill estimated the cost of these suggested items to be \$27,442. He figured that the present loan time could be extended from 30 to a 40 year loan without increasing the present monthly water assessments in order to obtain \$27,539.00 supplemental loan from the F.H.A.

Mr. Richard Jameson, district supervisor of the F.H.A. said that the stockholders were buying service, and that he thought the service could be improved at the present monthly payments with an extended loan, since the association was now a going concern.

After considerable discussion, questions and answers, a motion was made by John Burritt, seconded by Purcell Kinnick to authorize the

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Cedaredge, Colo.
June 12, 1963

Delta County Independent
Delta, Colo.

The following is a notice of a special meeting which we want published in the Delta County Independent issue to be printed ~~on~~ Monday, July 8, 1963:

NOTICE OF SPECIAL MEETING

A special meeting of the members of the UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION will be held in the City Hall in Cedaredge on Friday, July 19, 1963, at 8:00 P.M. to consider authorizing the directors to negotiate for a supplemental loan to install a stilling and storage tank and such items as are necessary to increase the efficiency of the system.

V. W. Vanderbilt, Secretary

We will need 130 postcards printed of the above notice, and we want the following proxy included on the bottom of the postcards:

PROXY

I hereby appoint _____ to vote my membership at the above meeting or any adjournment thereof.

Signed _____

WE would appreciate having the postcards as soon as possible, and will come in and pick them up, if you will call me at 856-6732. The cards have to be mailed to the members 30 days prior to the meeting, so if I can get them Monday, June 17, it will give me time to get them addressed and mailed.

Thank you very much,

V. W. Vanderbilt

Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

July 19, 1963 Meeting Cont'd

directors to borrow up to \$28,000.00 to install storage tanks and such items necessary to improve the system, providing the water rates remain the same as present. The motion was carried 58 votes for and 10 against.

The meeting adjourned at 10:30 P.M.

V. W. Vanderbilt Sec'y.

ANNUAL STOCKHOLDERS MEETING
December 10, 1963

The annual stockholders meeting of the Upper Surface Creek Domestic Water users Association was held at the Cedaredge Town Hall at 2: P.M.

The meeting was called to order by the president, R. E. Phillips.

The roll was called showing 14 members present with 32 proxies, constituting a quorum. Laren Morrill-Engineer and Richard Jameson of the F. H. A. were also present.

Minutes of the annual stockholders meeting held December 11, 1962 and the special stockholders meeting held July 19, 1962 were read and approved as read.

The president reported to the members that the past year had been better than the previous year financially. He stated that a new plan was under study by the directors to determine the feasibility of coming off the main joint supply line with a four inch line at a point high enough to eliminate the back pressure valves and the pump, which seem to be a constant source of trouble in the present system. This plan was discussed at length with Mr. Morrill, Mr. Jameson, and the members participating in the discussion. It was the decision of the group to investigate the matter further, as it did seem to be a direct aim at the present source of air and pressure problems. Mr. Morrill said he would be in Denver December 20, and would discuss the matter with Mr. Chuck Decker, F.H.A. Engineer.

The treasurer's annual report was given. After a motion by Sheppard and second by C. D. Macfarlane, the members voted that the report be accepted.

The secretary read the proposed budget for the next year. A motion was made by H. G. Burgess and seconded by Claude Flood that the budget be accepted. The members voted unanimously for the motion.

The president asked if there was any old business, but there was none.

Under new business the proposed plan under study on going to a higher point with the supply line had been previously discussed.

The question of the Association's liability, if any, in the Town of Cedaredge's new project on new supply line was brought up.

Mr. Phillips stated that no meetings had been called for by the Town Council to discuss the matter, but figured that legal advice would be necessary to interpret the contract terms with the Town of Cedaredge.

annual stockholders meeting Cont'd.

The next item of business was the election of four directors for two-year terms. Those whose terms were expiring were: R. E. Phillips-Cedar Mesa, R. P. Sheppard-Surface Creek, Fred Burritt-Redlands Mesa and Floyd McPherson-Member at large.

W. H. Sheppard moved the four directors whose terms were expiring, be re-elected for another two-year term. Claude Flood seconded the motion and the members voted unanimously in favor of the motion.

Mr. Jameson stated that he had nothing to report or be discussed.

Mr. Morrill said the feasibility of moving the intake of the line above the box in Hinotes looked good if the estimated distance was correct, and it would be best to make that change first, with tanks on Redlands Mesa and Cedar Mesa to follow as funds permitted.

With no further business, the meeting adjourned at 3:30 P.M.

V. W. Vanderbilt Secretary

SPECIAL STOCKHOLDERS MEETING

April 4, 1964

A special meeting of the members of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge Town Hall, April 4, 1964 at 2:30 P. M.

The meeting was called to order by the president, Robert Phillips.

The roll was called with 30 members present with 25 proxies, making a total of 55 making a quorum, (44 needed for a quorum.)

The secretary read the minutes of the annual stockholders meeting held December 10, 1963, and they were approved as read.

The president stated the meeting had been called to consider authorizing the directors to make application for the maximum amount of money that could be obtained from the F. H. A. without an increase in the present water assessment rates.

Engineer Morrill stated his estimate on moving up into the Hinote pasture with the intake of the line was \$31,000, and that the bids on pipe which were submitted to the town of Cedaredge in their bid opening April 2 were slightly lower than his estimate. He estimated .45¢ per foot for trenching, laying, and covering 5850' of 6" and 9140' of 4" pipe. His estimated cost of pipe was \$1.28 on 6" and \$1.00 on 4". The bid price received on pipe was \$1.21 on 6" and .96¢ on 4" plus tax. He said the estimate also included additional storage space at the intake that would retain the water for 13 minutes, and that this was ample time to release the air from the water.

Mr. Jameson of the F. H. A. said that the loan could now be re-amortized for a 36 year loan and keep the present amount of yearly payments to the F. H. A. and a total of \$35,500. could be borrowed for the project, an amount of \$7,500. additional to the \$28,000. approved by the members July 19, 1963, but not received by the company as yet.

After a discussion and question period by the members, C. D. Macfarlane moved the board be authorized and empowered to obtain on behalf of the

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Cedaredge, Colorado
February, 26, 1964

Delta County Independent
Delta, Colo.

The following is a notice of a special meeting, which we want published in the Delta County Independent to be printed on Monday, March 23, 1964:

NOTICE OF SPECIAL MEETING

A special meeting of the UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION will be held in the CITY HALL in Cedaredge on Saturday, APRIL 4, 1964 at 2:30 P.M. for the purpose of authorizing the board to ~~increase~~ the already authorized loan to the maximum available from the F.H.A. at the present water rates. This amount will be approximately \$6,000.00.

R. E. Phillips-President
V. W. Vanderbilt-Secretary

We also need the above notice printed on 130 single postcards with the proxy to be included on the postcards:

PROXY

I hereby appoint _____ to vote my membership at the above meeting or any adjournment thereof.

Signed _____

Please print the cards soon, and call me when they are ready.

V. W. Vanderbilt
Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Special Stockholders meeting-Cont'd.
April 4, 1964

Upper Surface Creek Domestic Water Users Association, through the F.H.A., a loan totaling \$35,500.00, or \$7500.00 additional to the \$28,000.00 authorized at the July 19th meeting. R. P. Sheppard seconded the motion, and a vote was taken, with 53 votes for, 1 against, and 1 declined to vote.

The meeting adjourned at 4:00 P.M.

V. W. Vanderbilt Secretary

ANNUAL STOCKHOLDERS MEETING
December 8, 1964

The annual meeting of the stockholders of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge Town Hall at 2:00 P.M.

The meeting was called to order by the president, R. E. Phillips.

The roll was called and 21 members were present with 29 proxies, constituting a quorum.

Minutes of the annual meeting held December 10, 1963 were read and approved; minutes of the special meeting held April 4, 1964 were also read and approved as read.

R. E. Phillips reported that nothing had been done on the construction of the new proposed intake, and that none of the loan approved by the stockholders would be borrowed until the litigation was settled on the proposed change of point of diversion. He stated that the corporation was still soluable at the end of the fiscal year, but due to the expense caused by the break in the line the past winter resulting in freeze-up of the Redlands Mesa line the reserve had been used up.

V. W. Vanderbilt read the financial report and audit, which showed the operating fund balance of \$619.27, with no reserve. After discussing the reports, a motion was made by A. C. McDonald that the treasurer's report and audit be accepted. The motion was seconded by Nick Macki and carried.

The proposed budget for the next fiscal year was read. A motion was made by A. C. McDonald, seconded by Mack Gorrod and carried that the budget be adopted.

The president asked for any old business, but there was none.

Under new business was the election of 3 directors for 2 year terms, one from the Surface Creek area to replace V. W. Vanderbilt, one from Redlands Mesa to replace John Hawkins, and one member at large from the three areas to replace H. G. Burgess.

John Burritt moved the same three directors be retained. The motion was seconded by Leonard Hilsen and carried.

With no further business, the meeting adjourned at 3:30 P.M.

V. W. Vanderbilt Secretary

ANNUAL STOCKHOLDERS MEETING

December 14, 1965

The annual meeting of the stockholders of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge Town Hall at 2:00 P.M.

The meeting was called to order by R. E. Phillips.

The roll was called with 12 members present with 32 proxies, constituting a quorum.

Minutes of the meeting held December 8, 1964 were read and approved as read.

The secretary gave the financial reports to the stockholders, and Louis Reppel moved that the report be accepted and placed on file. The motion was seconded by Joe Long and carried.

The president introduced Art Cannon of Morcan Engineering, and Mr. Velut, Assistant Supervisor of the Montrose F. H. A. office, before giving his report to the stockholders.

He stated in his report that plans were still being considered to do some work for improvement to the system, that no agreement had been reached as yet with Cedaredge on payment for share of new pick-up lines, and that the litigation on points of diversion had been settled a short time ago with a permanent point of diversion on 20/100 of a second foot of water being granted to the Association in the East Beaver Creek area.

He said that funds available would not be ample to settle with Cedaredge and complete all of the proposed parallel line project, so other plans were being investigated to match with funds available without raising water rates, and that the board had asked Mr. Cannon to try to work out a plan to make improvements within limit of funds available.

Mr. Cannon and Mr. Velut were asked if they had anything to report to the stockholders, but neither one had anything to report.

The president asked if there was any old business, and the reply was negative.

The election of 4 directors for 2 year terms was the only new business. The directors whose terms were expiring were: R. E. Phillips, R. P. Sheppard, Fred Burritt and Floyd McPherson, and the president called for noninations.

John Burritt moved the same directors be retained, and Louis Reppel seconded the motion. Earl Hildenbrand moved the nominations close, and the secretary cast the unanimous ballot. Motion carried.

With no further business, R. P. Sheppard moved the meeting adjourn, Bill Darnell seconded motion. Motion Carried.


Secretary.

SPECIAL STOCKHOLDERS MEETING

June 18, 1966

A special meeting of the stockholders of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge City Hall at 8:00 P.M.

R. E. Phillips called the meeting to order.

The secretary called the roll, and 34 members were present with 27 proxies for a total of 61, constituting a quorum.

Phillips stated the purpose of the meeting was to get the stockholders approval for applying for an additional loan from the F.H.A. not to exceed a total of \$65,000.00 including the \$35,500.00 authorized in April 1964, and to approve a raise of \$1.50 per month in the minimum charge, with a 50% increase in the amount of water allowed on the minimum. He said that all that could be done with funds available at the time of construction of the line, was a skeleton of a system, and that it seemed necessary to improve the system if the money could be available, as the system was unsatisfactory in several ways and could prove disastrous and costly, if the heavy pressure to which the lower section of the joint 8" line with Cedaredge wasn't relieved. He explained the back-pressure valves had been a constant source of trouble, and that the proposed project was to take off the main line at a point higher up so that the upper users could be supplied without the heavy back-pressure on the main line, thus eliminating the valves. He also said the proposal would include storage and stilling tanks, and that a sum of \$14,000.00 would be paid to the Town of Cedaredge for a 1/5 cost of the new pipeline into the East Beaver Creek area, and including 1/5 of the oversize capacity of the present common system, making the Association owner of 1/5 of the entire common system.

After considerable discussion, questions and answers, a motion was made by R. P. Sheppard and seconded by H. G. Burgess that the members authorize the board to make application with the F. H. A. for a loan not to exceed \$65,000.00, including the \$35,500.00 authorized in April 1964, and to approve a raise of \$1.50 per month minimum with a 50% increase in the amount of water on the minimum. A vote was taken on the motion, and it was carried by a vote of 44 in favor and 17 against.

The meeting adjourned at 10:30. P.M.



Secretary

ANNUAL STOCKHOLDERS MEETING

DECEMBER 13, 1966

The annual meeting of the stockholders of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge City Hall at 2:00 P.M. R. E. Phillips called the meeting to order.

The roll was called, with 15 members present with 30 proxies, constituting a quorum.

Minutes of the last annual meeting held December 14, 1965, and the special meeting held June 18, 1966 were read, and approved as read.

The secretary read the financial reports were read to the stockholders, and after a motion by Joe Hamilton, seconded by Claude Flood that the financial statements be accepted and be placed on file, the motion

was unanimously carried.

In the president's report, Phillips stated that it had been a busy year for the board members. He said that the loan authorized by the members June 18, 1966, had been completed October 20, and that attorney fees on the decree litigation and the \$14,000.00 to the Town of Cedaredge for the association's share in the new collection system had been paid. He also stated that the deeds to the proposed tank sites had been obtained and that the right-of-way easements were presently being obtained.

C. A. Cannon, of Morcan Engineering, stated that plans and specifications for the proposed improvement project were about ready.

Walter Waldo, of the F. H. A. stated that the Cedaredge Bank had been very co-operative in securing about $\frac{1}{2}$ of the money for the loan.

Mr. Elmer Hillgardner said he would like to be relieved of the extra tap of John Dickerson, and would like to know what could be done. The board explained that since the tap had been installed by the Association, it would be up to the party buying it to make the new installation, and that if he could deal with a person wanting a tap under these conditions, it would be permissible. Mr. Hillgardner said he would be willing to give someone the membership to be relieved of the extra tap.

The president entertained nominations for 3 directors for 2 year terms, as the terms of H. G. Burgess, John Hawkins and V. W. Vanderbilt were expired. R. P. Sheppard moved the same directors be retained, and the nominations close and the directors be elected by acclamation. The motion carried unanimously.

The budget for the coming year was presented to the members and discussed. A motion was made by John Hawkins, seconded by Arnold Hood and carried that the proposed budget be accepted.

With no further business, the meeting adjourned at 3:30 P.M.


Secretary

ANNUAL STOCKHOLDERS MEETING
December 12, 1967

The annual meeting of the stockholders of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge Town Hall at 2:00 P.M. The meeting was called to order by Robert Phillips. The roll-call showed 15 members present with 40 proxies for a total of 55, 9 over the amount needed for a quorum.

The secretary read the minutes of the last annual meeting held 12-13-1966. The minutes were approved as read.

The president reported that the past year had been a busy year for the directors, and that the new system was completed except for a few minor details. He said that 2 board members had made 2 trips to Denver along with a delegation of members of other domestic water companies to get a law changed concerning decrees & measuring of same, and that the trips had been successful.

The secretary presented the financial reports to the members. John Burritt moved the reports be accepted and placed on file. Joe Hamilton seconded the motion and it was carried unanimously.

(Annual meeting 12-12-1967 Cont'd.)

The proposed budget for 1968 was presented to the members and discussed. H. G. Burgess moved the budget be accepted, Joe Hamilton seconded motion and it was carried.

The president asked for any old business, and none was presented. He then declared noninations open for 4 directors for two-year terms, as the terms of Sheppard, Burritt, Phillips and McPherson were expired. John Burritt moved the same directors be retained for another term. Claude Flood moved the noninations cease, and the same 4 directors be elected by acclamation. Motion carried.

Phillips asked for any other new business. Louis Reppel asked if the board had any specific plans for the system in the coming year. Phillips replied that nothing extensive was planned at present, but that adjustment of regulators would be necessary when the peak use hit the line next spring. Mr. Volk inquired as to responsibility for plugged doles and cisterns running out of water, and was informed that the user should keep check on his cistern, and notify the maintenance man as soon as trouble was detected to allow time for repair before cistern supply was exhausted.

With no further business, the meeting was adjourned on a motion by John Burritt, seconded by Purcell Kinnick.

V. W. Vanderbilt

Secretary

ANNUAL STOCKHOLDERS MEETING
December 10, 1968

The annual meeting of the members of the Upper Surface Creek Domestic Water Users Association was held at the Cedaredge City Hall at 2:00 P.M.

The meeting was called to order by the president, R. E. Phillips.

The roll was called by the secretary, with 14 members present, and 39 proxies for a total of 53 constituting a quorum, (47 needed)

The secretary read the minutes of the stockholders meeting held 12-12-67, and they were approved as read.

The annual audit report was read to the members. It was explained that a supply of materials had been obtained during the year from a wholesale supplier in order to get a cheaper price for needed repairs, and that about 3/4 of the materials were still in stock, so the cost of materials should be lower for the coming year. After a review of the financial report, a motion was made by John Bolinger that the financial report be accepted and placed on file. The motion was seconded by Thomas Beckman and carried unanimously.

The proposed budget for the coming year was presented to the members. After reading the proposed budget, A motion was made by John L. Burritt, seconded by Floyd McPherson and carried that the budget be adopted.

The president opened nominations for three directors for a two-year term, as the terms of John Hawkins, H. G. Burgess, and V. W. Vander-

Stockholders Meeting 12-10-1968 Cont'd.

bilt were expiring. John L. Burritt moved the same 3 directors be retained for another term. Mack Gorrod moved the noninations close and the secretary cast the unanimous ballot for the same three directors. Earl Hildenbrand seconded the motion. Motion Carried.

John Bolinger asked if it would be possible to obtain a direct connection for the Redlands Mesa Grange Hall instead of a dole valve. Robert Phillips explained that the engineering of the line was for dole valves with cisterns or storage tanks, and that a direct hookup would result in a big pull at certain times, which would tend to starve other taps. Mr. Bolinger said he could understand the situation and that they did appreciate having the water, and that if storage worked out in the future, they would appreciate more volume at times when the Grange Hall was in use. It was suggested the Grange check the tanks with a dipstick through the air vents prior to events held in the Hall.

With no further business, the meeting adjourned at 3:00 P.M.

V. W. Vanderbilt
Secretary

Annual Stockholders Meeting
December 9, 1969

The annual stockholders meeting of the Upper Surface Creek Domestic Water Users Association was held 12-9-1969, at 2:00 P.M. at the Cedaredge Town Hall.

R. E. Phillips called the meeting to order. The roll was called and 53 members were represented (13 present with 40 proxies), constituting a quorum.

Minutes of the annual meeting held 12-10-1968 were read and approved as read.

The financial reports for the last fiscal year were read and discussed, and H. G. Burgess moved the report and audit be accepted and placed on file. Floyd McPherson seconded the motion and it was carried.

R. E. Phillips presented the presidents report to the members; 7 new members had been added, that the system had operated good in the past year, that something might be needed in the spring to increase the flow on the Redlands Mesa line. He expressed regret to the passing of Lloyd Anderson who had served as maintenance man on the system. Phillips said that the new man in charge of maintenance, Vern Frost, seemed to be working out well.

The proposed budget for the coming year was presented to the members and discussed. H. G. Burgess moved the budget be adopted. Floyd McPherson seconded the motion. Motion carried.

The president called for nominations for 4 directors for 2 year terms as the terms of Phillips, Burritt, McPherson and Sheppard were expiring.

John Burritt moved the same directors hold over for another term. Homer Nesmith moved the nominations close, and the secretary cast the unanimous ballot. Earl Hildenbrand seconded the Motion and it was carried. The meeting adjourned at 3:00 P.M.

V. W. Vanderbilt Secy.

MINUTES OF ANNUAL MEETING OF UPPER SURFACE CREEK DOMESTIC WATER USERS
ASSOCIATION, DECEMBER 8, 1970, AT TOWN HALL, CEDAREDGE, COLORADO

The meeting was called to order at 2 p.m. by President Robert E. Phillips. The call of the meeting was read by the Secretary.

A credentials committee was appointed consisting of Jack Dickerson, Jess Gibson and Kathleen Hawkins. Following roll call by the Secretary, the committee reported 21 members and 57 proxies present, for a total of 77; a quorum was declared.

Minutes of last year's meeting were read by the secretary; there being no questions or corrections, they were approved as read.

Copies of the auditor's financial report were handed around and the secretary read the report aloud. Questions on the report were answered by the Board, and discussion followed. Phillips entertained a motion that this financial report be accepted as read. It was so moved by Jack Dickerson; second by Charles F. Campen; motion carried.

The President reported that this was the biggest single year's increase in the Association since 1961 when the Redlands Mesa extension came in with 40 members. The past year's growth was reported as being 16 new members paid, plus 3 new members making partial payment, making a total of 19 new memberships. Previous years averaged from 2 to 5 new memberships; 1969 saw a gain of 7. Membership currently consists of 161 members, with 168 taps in use, some members having duplicate taps. The president also reported that last summer the company began negotiating with Survalco, developers of Lone Pine Estates on Cedar Mesa, for expansion of existing company lines and that this project is underway at this time.

The President, in his report reminded the group of the unfortunate passing of the Association's long-time secretary, Vernon Vanderbilt, last spring. Phillips lauded Vanderbilt's many years of uncountable, time-consuming and charitable actions performed, his many trips to Delta in performing of duties that made the formation of the Association possible. He then reported that Edwin Fischer had been appointed to take Mr. Vanderbilt's place as a board member, and that John Hawkins had been appointed as secretary-treasurer. Also, Vern Frost, maintenance man, had quit, and that Hawkins had also been asked to take on that job, which he has done.

The President also reported that a continuing source of trouble, arising from a questionable tap on the Redlands extension, had again created a problem, but that with the expenditure of some money, and the assistance of the firm's attorney and engineers, the problem had been brought to a satisfactory conclusion.

There being no old business, the president then explained that the Board had worked up two budget proposals for the coming fiscal year. Proposal No. 1 was based on the status-quo, or on past year's income and experiences. Proposal No. 2 presented new ideas based on the recent rapid increase in membership and need for expansion. The plan in Proposal No. 2 would be to construct a new line from the north end of the new line to Survalco's Lone Pine Estates on Cedar Mesa, north on Cedar Mesa as far as elevation will permit and then drop off of Cedar Mesa and tie onto the Surface Creek line at a point between Lloyd Mahannah's corner and Mack Gorrod's corner. This would include a longer range plan to extend this new line over the crest of Cedar Mesa and tying into the Surface Creek line higher on the system. It is believed that these improvements will alleviate the peak-season water

shortage on Redlands Mesa and provide better service to the entire system.

The Secretary then read the 1970 budget and the two proposals for the 1971 budget. Considerable discussion followed. O.B. Kelly asked: Is the Board considering improving the line serving his area to accommodate more users? It was explained that in both budget proposals the board had planned to install about $\frac{1}{4}$ mile of new line to loop two existing lines together, which would accommodate 10 or 12 new taps in that area. A map of the company's system was displayed showing proposed changes. Another question asked was: What will the capacity of the system be? The Board answered that it had no way of knowing how much, definitely, but it could be increased considerably, by perhaps as much as 50% by construction of some new lines and looping together of existing lines. After a thorough discussion, the President then told the group that the Board would like an acceptance of both budget proposals so that if it is possible to do this project of expansion without borrowing more money from the Farmers Home Administration, the Board could go ahead.

Hawkins stated that he felt the Board should be authorized to borrow short term money from a local lending agency to complete the expansion program if the project looked financially feasible and could be accomplished without raising the water rates.

A motion was made by Robert McMillin that both budget proposals be accepted as read and to leave it to the discretion of the Board of Directors to implement whichever of the two proposals proved financially feasible and that the Board be instructed to proceed with the improvement program as soon as money is available and that the Board of Directors be authorized to borrow short term money from a local lending agency, if needed to complete the project if, in the opinion of the Board of Directors, it is economically feasible to do so without raising the water rates. The motion was seconded by Jack Dickerson and carried unopposed.


In regard to anticipated income for the coming fiscal year, there was lengthy discussion on the Board's recent action to raise the tap fee from its present \$300 per tap to \$1,000, as all members had been notified by letter. It was brought out by Board members that it was the hope that this increase would make it possible to finance necessary expansion without borrowing further money from the Farmer's Home Administration and to keep new projects on a pay-as-you-go basis. It was the Board's feeling in making the increase that the new members, who are responsible for the expansion projects, should be the ones to finance these projects, rather than long-time members. Harold Paulson voiced objection to the increase, and made a motion that the Board be instructed to try the higher tap fee for a period of six months and then if sales of memberships began to lag, to revert to a lower fee. There being no second, the motion died.

Election of directors was the next order of business. Terms expiring were those of Edwin Fischer, Surface Creek District; Herschell Burgess, Cedar Mesa; and John Hawkins, Redlands Mesa.

(Dec. 8, 1970 Annual Meeting Minutes, cont'd.)

John L. Burritt nominated the three present directors: Burgess, Fischer and Hawkins. Harold Paulson moved the nominations cease and the secretary be instructed to cast a unanimous ballot. Carried unanimously. The secretary then cast a unanimous ballot for the 3 directors.

There being no further business, Jack Dicerkson moved that the meeting adjourn; second by Jess Gibson; carried. Meeting adjourned at 4:15 p.m.


John Hawkins, Secretary

MINUTES OF ANNUAL MEETING OF UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, DECEMBER 14, 1971.

The meeting was called to order at 2 p.m. by President Robert E. Phillips at the American Legion Hall in Cedaredge.

Board members present: Phillips, Fred M. Burritt, Floyd McPherson, Rolland P. Sheppard, Edwin J. Fischer, and John Hawkins.

The president appointed a credentials committee composed of Herschel Burgess, Jr., Mrs. Mildred Hamilton and Mrs. Kathleen Hawkins.

The secretary called the roll. There were 20 members present; 45 members were represented by proxy, making a total of 65. Fifty-nine being necessary for a quorum, the president declared a quorum and the meeting commenced.

The secretary read the minutes of the last annual meeting held on December 8, 1970. There being no additions or corrections, the minutes were approved as read.

The secretary presented the financial statement from the auditor, and a question and answer period followed. During discussion of the report, the president pointed out that although the Association had spent approximately \$25,000 for capital improvements to the distribution system this year, liabilities had increased only a small amount over the previous year. The President asked for acceptance of the financial report. MOTION by Mann Rowley, SECOND by Lynn Wright that the report be accepted. MOTION passed without opposition.

President Phillips gave his report to the membership, reviewing the Association's past year. He explained the call of the meeting in that last year we had voted to increase the membership fee to \$1,000, and had since learned that this would have to be made into a resolution to amend the by-laws. He reported that this was the Association's biggest year of increase, 33 new members having been acquired in one month. This large increase had made feasible a project to increase the line's capacity. The Board had obtained a 5-year loan from the First National Bank of Cedaredge in the amount of \$10,000 of which we have received and used \$7,000 to build the new extension. The Board had been able to purchase pipe quickly at almost manufacturer's cost from Bryant Brothers Construction Company 30%-40% cheaper than from any other source, and had done this with F.H.A. approval. Total cost of the necessary pipe was \$15,000; this would have been a cost of \$25,000 to \$30,000 from any other source. The Board contacted contractors to determine whether we should contract the line or do it

ourselves by hiring labor and backhoe. A close record had been kept while building the Campen-Wright line for a comparison with contractor's price. Contractor's price was 50¢ per foot for machine hire. The Association is doing the work itself considerably cheaper, Phillips reported. He also reported that the Town of Cedaredge had raised the price for our billing and collecting due to increased work because of our increased membership to such a high price the Board felt they could not afford to pay it, and had therefore decided to take over this job from the Town. The secretary is now handling the work, beginning with the August billing, for very little more than we were paying the Town. The president mentioned that he had met former FHA Administrator Booth recently, who told him that despite adverse reports in earlier years on this entire Association's project, he has been well pleased with the Association's progress over the years. Phillips then told the membership that H. G. Burgess, Sr., who has been on the Board for many years, has resigned, and the secretary was instructed to write Mr. Burgess thanking him for his many years of service.

At the President's request, the secretary reported on the progress of the extension to the distribution system. He reported that it was very nearly finished, but had to quit work for the present due to inclement weather. The secretary said that the project will apparently wind up better financially than was anticipated. He said that part of the line is in operation, with some changes from the plan that was presented at the annual meeting a year ago. The plan as originally presented included possibilities for both a short-range project and a long-range project to be completed as finances allowed; however, we were able to by-pass the short-range plan and use the long-range plan due to a better financial position than hoped for.

Robert McMillin asked if there was any possibility of increasing the volume of delivery of the present minimum gallons from 7,500 to 10,000 gallons. There were explanations from several board members as to why this cannot be done at the present time. Mrs. Lucille Bowen asked if it was true that the line is to be chlorinated. The president said that the Town of Cedaredge has been requested by the State Department of Health to chlorinate, and that since the Association shares the same source of water with the Town, we can anticipate that we will also be ordered to do so; in which case we will comply. Mrs. Mildred Hamilton and Mrs. Bowen voiced opposition to chlorination. There was considerable discussion on the subject.

The secretary then read the proposed amendment to the By-Laws as given in the call of the meeting, as follows:

"Shall Section 1 of Article III of the By-Laws of The Upper Surface Creek Domestic Water Users Association, entitled 'Membership', be amended to read as follows?:"

'Section 1. Persons who reside in the area served by this Association, as described in the Certificate of Incorporation, and considering the needs of users who may already be members, for whom the Association has an adequate supply of water, and can serve without undue hardship, inconvenience or expense, shall be eligible for membership upon application in such form as provided by the Association and upon payment of a membership fee of One Thousand (\$1,000.00) Dollars.'"


It was MOVED by Fred Campen, SECOND by Hershel Burgess, Jr., that the By-Laws be so amended. MOTION carried without opposition.

The budget for the coming fiscal year was presented by the secretary. There were no questions. It was MOVED by John Burritt, SECOND by Lou Reppell that we accept the budget. MOTION carried without opposition.

Next order of business was election of Directors. President Phillips read the resignation of Herschel Burgess Sr., from the Cedar Mesa District, whose two-year term would not expire for another year. He called for nominations to fill the vacancy, and it was MOVED by Floyd McPherson that Herschel Burgess Jr. be nominated to fill the unexpired term of his father. The nomination was SECONDED by Mann Rowley. There being no other nominations, the President entertained a motion that the secretary be instructed to cast a unanimous ballot. It was MOVED by Rowley, SECONDED by Edwin Fischer that the secretary be so instructed; the MOTION CARRIED unopposed and the secretary cast a unanimous ballot for Herschel G. Burgess Jr. to fill the vacancy as second Director from the Cedar Mesa District for one year.

Nominations were opened to fill the expiring terms of incumbent Directors for two years, who are: Robert E. Phillips, Cedar Mesa District; Floyd McPherson, Director-at-Large; Rolland P. Sheppard, Upper Surface Creek District; Fred M. Burritt, Redlands Mesa District. John L. Burritt MOVED that the present directors all be nominated to serve two-year terms. SECOND by Mildred Hamilton. Mann Rowley MOVED that nominations cease and that the secretary be instructed to cast a unanimous ballot for the present Board of Directors. SECOND by Elden Kinderknecht. The secretary then cast the unanimous ballot for Phillips, McPherson, Sheppard, and Burritt for two-year terms.

There being no other business to come before the meeting, a MOTION was made by Robert McMillin to adjourn; second by Mildred Hamilton; the meeting adjourned at 4:20 p.m.



John Hawkins, Secretary

MINUTES OF ANNUAL STOCKHOLDERS MEETING, UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, DEC. 12, 1972, IN ALL-PURPOSE ROOM OF HUNSICKER SCHOOL, CEDAREGE, COLORADO.

The meeting was called to order at 7:30 p.m. by President Robert E. Phillips, and Secretary John Hawkins read the call of the meeting.

The president appointed a credentials committee composed of Mrs. Mildred Hamilton, Mr. Mack Gorrod, and Mrs. Kathleen Hawkins. The secretary called the roll, and after a brief recess the credentials committee reported 26 present in person, 62 present by proxy, for a total of 88 present. A quorum was declared and the meeting proceeded.

The secretary read the minutes of the last annual meeting, held December 14, 1971. There being no changes or additions, the minutes were approved as read.

The next order of business was a review of the financial statement from the auditor by the president and secretary-treasurer, followed by a period of questions from members. Upon completion of presentation of the financial statement, it was MOVED by Herschel Burgess Jr. and SECONDED by Clarence Radcliff that the financial statement and audit be accepted and placed on file. MOTION CARRIED.

President Phillips presented his annual report. He stated that the Association had completed the new main line as anticipated from the Upper Surface Creek line to the tank on Cedar Mesa and this had provided excellent service during peak summer use to Redlands Mesa. He reported that the Association had gained nine new members during the year. He explained projects planned for the coming year as completion of a loop around the Glenn Kunce place to serve approximately eight members; also another extension is being considered. He told the members that the Board of Directors had designed and prepared a membership application form this year; and that the Board had also adopted a new, deferred-membership policy in October, and that each individual case must be reviewed very carefully. He stated that the Association was in good shape regarding raw water supply, that during peak season we drew only .26 cfs, and that our $\frac{1}{2}$ foot of No. 1 decree stands in good stead, especially if we can install tanks along the line to store night flow. The president concluded his report with a comment of appreciation for the services of Mr. Hawkins as superintendent and maintenance of the line, and for Mrs. Hawkins's secretarial assistance.

There being no old business, the meeting proceeded to the consideration of new business, the first of this being the proposed budget for 1973. This was reviewed by the secretary-treasurer, followed by discussion. It was MOVED by Mr. Lynn Wright and SECONDED by Mr. Roy Hubbard that the budget be accepted. MOTION CARRIED without opposition.

Election of officers followed. Directors whose terms were expiring were: Edwin J. Fischer of Upper Surface Creek area; John Hawkins, Redlands Mesa area; Herschel Burgess Jr., member-at-large.

Mack Gorrod nominated Edwin Fischer to succeed himself, seconded by O.W. Olson; there were no other nominations for this post. John Hawkins was nominated to succeed himself by Fred Campen, seconded by Don Parmenter; there were no other nominations for this post. Herschel Burgess Jr. was nominated to succeed himself by Rolland Sheppard,

seconded by Roy Hubbard. Glenn Kunce MOVED that nominations cease and that the nominees be elected by acclamation. SECOND by Don Parmenter, and MOTION CARRIED without opposition.

Lynn Wright asked about chlorination and it was explained by the president and secretary that an order for chlorination from the State Health Department is anticipated and that when it comes the Association will have to comply. There was general discussion on various problems in the system and measures taken to deal with them.

There being no other business to come before the meeting, it was MOVED by Rolland Sheppard, SECONDED by Herschel Burgess Jr. that the meeting adjourn. CARRIED. The meeting adjourned at 9:00 p.m., followed by a period of refreshments and discussions.

John W. Hawkins
John Hawkins, Secretary-Treasurer

MINUTES OF ANNUAL MEETING OF STOCKHOLDERS OF UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, DECEMBER 11, 1973.

The meeting was called to order by President Robert E. Phillips at 7:30 p.m. in the All-Purpose Room of the Hunsicker Elementary School in Cedaredge, Colorado.

The call of the meeting was read by Secretary John Hawkins.

The president appointed a credentials committee composed of Maurice Bauer, Mack Gorrod and Kathleen Hawkins.

The secretary called the roll. After a brief recess the credentials committee reported 32 members present, 54 proxies, a total of 86, 66 necessary for a quorum. The president declared a quorum and the meeting proceeded.

The secretary read the minutes of last year's meeting. There were no additions or corrections; the minutes were approved as read.

The president presented his annual report.

He commented on growth as 7 new members for the year, making a total of 197, representing 215 shares of stock. On growth of new lines, 3 extensions were built: (#1): The Wagner Loop of approximately 5,000 feet, approximate cost \$7,000, to serve 4 new users. (#2): A 600-foot extension in Lone Pine Estates on Cedar Mesa; approximate cost, \$1,000. Of the 8 taps originally bought by Lone Pine, 5 are now in use, and this 600-ft. addition was to connect up 1 of these 5 taps and to supply 3 other vacant lots. #3): Panorama Heights Subdivision, under construction. The agreement with Panorama provides that the Assn. issue a maximum of 14 new memberships based on construction costs of this present extension, with a possibility of a total of 30 members eventually coming into the Association in this subdivision. This new line adds about 1 mile to the system at a cost of approximately \$15,000. The total of new line constructed this year is about 10,000 ft.

He then reported that the \$10,000 borrowed in 1971

from the First National Bank of Cedaredge in anticipation of being paid off in five years was in fact paid off in full this year, at the end of only 2 years. Also, the Reserve Fund with Delta Savings & Loan Assn., was increased this year by \$2,189.69 as compared to Farmers Home Administration requirement of \$1,500 minimum per year. This brings our total Reserve Account to \$10,493.48.

He said that as reported a year ago, the State Health Department was near to issuing an order for the system to be chlorinated, in which case the Assn. would have to comply. This order was issued and the chlorinator put into use on July 21, 1973, with the Town of Cedaredge using the same chlorinator on the common line and sharing the cost in the amount of \$1,074.

Regarding operation and maintenance, Phillips said that future needs will call for further storage facilities, primarily on the upper end of the system and on Redlands Mesa. He ended his report with a comment on heavy real estate activity in the area being reflected by 22 transfers of stock certificates in the Association the past year, in addition to the 7 new memberships.

The Secretary then presented the financial report and audit of the Association's books as prepared by Calhoun & Associates of Delta. MOTION by Netha Macfarlane that the treasurer's report be accepted as presented. SECOND by Roy Hubbard. MOTION CARRIED.

Old business was called for. There was some discussion of the chlorinator, with several comments that nobody had noticed any difference in the taste of the water.

New business was called for. Mack Gorrod suggested that valves on the line be marked in some way so they can be located under snow. Earl Baxter asked what effect a subdivision would have on the Redlands Extension. Phillips explained that the Assn. is in good shape for water supply there at present. In regard to financing subdivision lines, the developer pays. If the Assn. cannot serve prospective members, the by-laws provide that we do not have to. He explained that this company is in better position than a municipality or private company selling for profit, as they are obligated by law to provide service, and we are not -- we are obligated to our membership.

The Secretary presented the budget: After discussion, Phillips entertained a motion that the budget be accepted as read and presented to the FHA. A MOTION to that effect was made by Lynn Wright; SECOND by Russell Maine. CARRIED.

Next order of business was election of directors. Nominations were open for each district for a director whose 2-year terms are expiring, these being Rolland P. Sheppard, Fred Burritt, Floyd McPherson and Robert Phillips.

Upper Surface Creek District: Mack Gorrodd nominated Rolland P. Sheppard, incumbent.

Redlands Mesa District: Harry Michels nominated Fred Burritt, incumbent.

Cedar Mesa District: Roy Hubbard nominated Floyd McPherson, incumbent.

Member-at-large: Mack Gorrod nominated Robert E. Phillips, incumbent.

Netha Macfarlane MOVED that nominations cease and the members named be declared elected by acclamation. SECOND by Roy Hubbard. MOTION CARRIED. Sheppard, Burritt, McPherson, and Phillips were declared elected by acclamation.

There being no further business, the president announced that refreshments were available for those who wished to stay, and the meeting adjourned at 9:30 p.m. followed by a brief social period.

John W. Hawkins
Secretary-Treasurer

APPROVED: _____.

MINUTES OF ANNUAL MEETING OF STOCKHOLDERS OF UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, held DECEMBER 10, 1974, AT THE HUNSICKER SCHOOL, CEDAREDGE, COLORADO

The meeting was called to order at 7:30 p.m. by President Bob Phillips.

Secretary John Hawkins read the call of the meeting.

The president appointed a credentials committee composed of Maurice Bauer, Mack Gorrod, and Kathleen Hawkins, after which the secretary called the roll. The credentials committee reported 25 members present, 62 represented by proxy, for a total of 87. The president declared a quorum, 72 being necessary.

The secretary read the minutes of the last annual stockholders' meeting held December 11, 1973. There being no corrections or additions, the minutes were approved as read.

The president made his report to the members. Regarding growth, 19 new memberships were issued during the year. These bring total membership to 216, representing 237 shares of stock.

Regarding growth in line, the president told the group that Panorama Heights Subdivision on Cedar Mesa, begun the previous year, was completed this year, adding one mile of new line. Timberline Subdivision and the Glen Muck Lane Addition lines were installed this year; combined, these two add approximately 4,500 feet to the system and can serve all the area west and south on Muck Lane. He also reported construction of an 1100-foot extension on the East Surface Creek Road from Mack Gorrod's corner north.

The president then reported that the Association's Reserve Fund with Delta Savings & Loan was increased this year by \$15,937.01, as compared to a Farmers Home Administration requirement of \$1,500.00 minimum a year. The Reserve Account now totals \$26,430.49. FHA requires we keep a minimum reserve fund of \$15,000.00. He also reported that our quarterly loan payments to FHA continue to be met promptly. The president further reported that we have no other loans outstanding and the increase in our Reserve Fund indicates a healthy financial situation. However, continued rapid growth could precipitate a major expansion program that would make our Reserve Fund look rather small.

In conclusion, he said that repair and maintenance of the system remain quite low, inflation causing the main increase. He lauded Hawkins for his good maintenance and management of the system.

The secretary presented the financial report. After several questions and discussion, a motion was made by Maurice Bauer that the financial report be accepted. Second by Herschel Burgess Jr. Carried without opposition.

Unfinished business was called for. In response to a question from Maurice Bauer as to how many more memberships the Association can sell, the president replied that we are not in danger on water use; that our flow of use never exceeded 50/100ths -- never exceeded 25/100ths even in peak season. He said, however, we will need storage before we can go too far, as our decree was cut 40% last year due to drought. Night storage would keep us out of danger.

The question arose as to what impact on our system impending coal development might have. The president answered that the Board of Directors has contingency plans in mind: that is -- (1) Another full-sized storage

tank at the head of the system; (2) Another, smaller, storage tank on Redlands Mesa. He explained how the Association is obligated only to its existing members and need expand only to our capability.

First order of new business was a proposed change in water rates. Phillips explained that there are a few isolated cases of excessive use of water during peak summer months, some using as much as 200,000 gallons per month. It was the feeling of the Board of Directors that the Association was not organized to supply excessive water for irrigation purposes and to permit this would hasten the necessity of obtaining additional water and distribution facilities, causing a large expenditure which would be unfair to other stockholders. The president then asked the secretary to read to the members a motion passed by the Board at their last meeting. Hawkins read: "Moved that in an effort to discourage excessive use the Board of Directors should change the water rate scale as follows: For an amount up to 30,000 gallons per month the rate is unchanged; for amounts of 30,000 to 50,000 gallons per month the rate is to be 50¢ per thousand gallons; for amounts over 50,000 gallons per month the rate is \$1.00 per 1,000 gallons; and that this decision be presented to the stockholders at the annual meeting for ratification and that all stockholders be notified of the change."

After discussion, it was moved by Maurice Bauer that the rate change as presented be ratified. Second by Herschel Burgess Jr. Carried without opposition.

Cheryl Kollarik asked for an explanation of why she had to pay \$500 to get the line into her house after she had already purchased a tap for \$300 three years ago. It was explained to her that it has for many years been the policy of the Association not to pay installation costs of lines off the main line, and that the item in the financial report entitled "Members payments for capital improvements, \$8,500 this year", was where her extra payment of \$500 went, along with \$8,000 paid by other members.

Next item of business was presentation of the budget for the coming year. Dick Jones inquired about the budgeted item of \$750 for office equipment. It was explained that the Association has no office of its own; that Hawkins, as secretary, provides rent-free space in his home for conducting Association business. We have been getting along with a hodge-podge of cardboard boxes, his wife's buffet and typewriter, and other make-shift arrangements. After discussion on all items of the budget, it was moved by Norman Hill, second by Lynn Wright, that the budget be approved. Carried without opposition.

Election of officers was next order of business. Those whose terms expire are: Cedar Mesa District, Herschel Burgess Jr.; Upper Surface Creek District, Edwin Fischer; Redlands Mesa District, John Hawkins.

Nominations were opened for Upper Surface Creek. Mack Gorrod nominated Eddie Fischer to succeed himself. Martha Mohan seconded the nomination and moved that nominations cease and Fischer be elected by acclamation. Second by Oscor Olson. Carried without opposition.

Redlands Mesa: Porter Sheppard nominated John Hawkins to succeed himself. Dick Jones seconded the nomination. Don Parmenter moved that nominations cease and that Hawkins be elected by acclamation. Second by Mack Gorrod. Carried without opposition.

Cedar Mesa District: Maurice Bauer nominated Herschel Burgess Jr. to succeed himself. Don Parmenter moved that nominations cease and Burgess be declared elected by acclamation. Second by Mack Gorrod. Carried without opposition. Fischer, Hawkins, and Burgess were declared elected.

There being no other business, the meeting adjourned at 9:30 p.m., followed by refreshments and a period of informal discussion.

John W. Hawkins
John Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, MINUTES OF ANNUAL STOCKHOLDERS MEETING HELD AT THE ALL-PURPOSE ROOM OF HUNSICKER SCHOOL AT CEDAREDGE, COLORADO, DECEMBER 9, 1975.

The meeting was called to order by President Robert E. Phillips at 7:30 p.m.

Secretary John Hawkins read the call of the meeting.

President Phillips appointed a credentials committee of Mrs. Mildred Hamilton, Herbert L. Briscoe and Maurice E. Bauer.

The secretary called the roll, followed by a brief recess for the Credentials Committee to prepare their report. The Committee reported a total attendance of 131, with 35 present in person and 96 represented by proxy, with 75 being necessary for a quorum.

Minutes of last year's meeting were read by the secretary. There being no corrections or additions, the president declared them to stand approved as read.

Phillips presented his annual report to the members. Growth has continued at a steady pace, with 11 new members. Growth in line included addition of the Sage and Cedars Subdivision, owned by George Zimmerman, about 3,300 feet of 4" line and service lines to all lots. Costs were all borne by Zimmerman except over-sizing of the main line, and settlement has been made. Other additions are, a short stretch west from Joe Hamilton's corner, and another stretch west from Gordon R. Jones's tap. Phillips said the Board is hopeful that we can link these lines together and grid the system a little better.

He said the Association had added \$10,000 to our Reserve Account this year, bringing our total to \$38,303.97. In response to a question as to why we did not apply this money to our loans with Farmers Home Administration he explained that we get more interest this way and have money available for emergency or expansion.

He reported that a pipe storage shed is being built on the John Hawkins premises, where the rest of the materials and supplies are presently stored. He stated that Hawkins had built an addition onto his home to serve as office for the Association. Office furniture was paid for by the Association.

After his report, the president called for the financial report, which was presented. There was some discussion on this. Maurice Bauer asked what is our gain in interest over the rate we pay FHA and what we receive from our Reserve Account. Hawkins replied that we pay 5% and receive 7½%. Carroll Elkins moved that the financial report be accepted and placed on file. Dayton Myers seconded the motion. Motion carried unopposed.

Phillips called for unfinished business. There being none, he called for new business.

Mrs. Cheryl Kollarik asked when the rock mess will be cleaned up off her place where the new line was put in. Hawkins responded that the contractor had failed to do this; that serious effort had been made to get the contractor to do the clean-up work and that more efforts will have to be made.

As further new business, Phillips reported on a meeting held December 3rd sponsored by the Delta County Commissioners regarding Project Seven.

Under Project 7, municipalities and water companies could cooperate on a study on gridding the county's water supply lines to prepare for anticipated growth. There is a sum of \$25,000 available for a study on this. All entities of the county see a need to provide for population growth. There is a possibility of 80% grant money, the balance being loan money from F.H.A. Today this Association has enough water for considerable expansion, but we need storage. Even if we double our capacity, it may not be enough to meet the growing need.

Phillips asked for an expression of the feeling of the stockholders. In response to one question, he replied that this Association would in no way jeopardize or lose our own water by cooperating in Project 7.

Following discussion, Bud Burgess made a motion that we proceed with this study to cooperate with other water companies and municipalities to see what can be done to improve and expand our system. Seconds by Floyd McPherson and Russell Maine; motion passed without opposition.

There being no other new business, the budget for the upcoming year was presented and discussed. Mrs. Cheryl Kollarik asked how capital improvements are figured. She said she felt she had been discriminated against by being required to pay \$500 toward the building of the new line to her property. It was explained to her that new members and prospective members must bear the cost of new line construction to their property and that many others had also done this, and some had paid a great deal more.

Oscar Olsen made a motion that the budget be approved. Second by Dayton Myers. Motion carried without opposition.

Election of a Board of Directors was the next order of business. Those whose terms expire were: Bob Phillips, member-at-large; Floyd McPherson, Cedar Mesa area; Fred Burritt, Redlands Mesa area; Rolland P. Sheppard, Upper Surface Creek Area.

Mrs. Mildred Hamilton moved that all 4 of these members be retained in office. William Coleman seconded the motion. The motion carried without opposition and Phillips, McPherson, Burritt, and Sheppard were declared elected.

Mrs. Beckley asked what chance there is of getting a new line built to her house, as pressure is low in peak season use with addition of new taps. This situation was discussed, but no action taken.

The meeting adjourned at 9:30, followed by serving of refreshments and a brief interval for informal discussion among members.

Respectfully submitted,



John Hawkins, Secretary-Treasurer

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, HELD DECEMBER 14, 1976, AT THE HIGH SCHOOL GYMNASIUM IN CEDAREDGE, COLORADO

The meeting was called to order by President Robert E. Phillips at 7:30 p.m.

Secretary John Hawkins read the call of the meeting.

The president appointed a credentials committee composed of Mr. Lynn Wright, Mr. Dayton Myers, and Mr. Mack Gorrod.

The secretary called the roll, and there was a brief wait for the report of the Credentials Committee, which read as follows:

Present in person:	32
Present by proxy:	<u>83</u>
TOTAL.....	115

There being 84 necessary for a quorum, the president declared a quorum and the meeting continued.

The secretary read the minutes. There being no additions or corrections, they were approved as read.

President Phillips presented his annual message to the members.

Mr. Phillips reported that there were 23 new memberships purchased during the last year, making a total number of shares of stock issued to 282, the stock being owned by 252 members. He stated that some additional 4-inch line had been built on Cedar Mesa to serve some new members and to provide a better grid for the system. There were several smaller lines that had been extended on various lines on the system, and that all of this had added approximately \$18,000 to the Capital Improvements on the system.

He also stated that the Association had added \$20,000 to the Reserve Fund at Delta Savings and Loan, bringing this fund to approximately \$60,000.00. However, he warned, rapid growth in memberships and water users had caused the Board to plan additional capital expenditures which could rapidly deplete the Reserve Fund.

Mr. Phillips also explained the semi-moratorium that had been placed on new taps on Redlands Mesa, since the Redlands Mesa system is not able to accommodate many more new taps without extensive improvements to the system.

The Secretary presented the financial report. After discussion, it was moved by Dayton Myers and seconded by Bud Burgess that the financial report be approved and placed on file. The motion carried without opposition.

Old Business was called for, and there being no old business, the President called for New Business.

John Mihelich of Redlands Mesa asked about the future of new taps on Redlands Mesa. It was again explained that the Board of

Directors had declared a semi-moratorium on new taps on Redlands Mesa and that only a very few more could be added in certain areas where it was felt there was still sufficient line capacity. Priority should be given to the old, established farm homes rather than to new development homes. The history and nature of construction of the Redlands Mesa line was explained, noting that it was installed as cheaply as possible in order to make it feasible, and that the type of system that was installed could not accommodate a great amount of additional growth and that the line was starting to give maintenance problems and that replacement was imminent in the not-too-distant future.

The question was asked what it would cost to re-build the Redlands system. Hawkins stated that no detailed study had been made, but he felt the figure of \$250,000 would be in the ball park.

It was asked if the system could be up-graded piecemeal. The answer was yes, but it would probably take \$100,000 to provide a storage tank and some new line before any piecemeal effort could be effective.

Mr. Phillips stated that the Board was seriously considering installing a 250,000 gallon storage tank at the head of the main system this year at a cost of \$50,000 or more, and that this would be in all probability the only major improvement to the system that the company could afford this next year without borrowing money or receiving a grant of some kind. He asked for a show of hands to see how many would favor the Board's pursuing loans or grants to upgrade the Redlands line. There were 22 hands shown, and there were none opposed.


The Budget for the coming year was the next order of business, and this was presented by Secretary Hawkins. The question was raised by Yoram Getzler as to what was meant by assessments. Chairman Phillips explained the water the Association owns and its connection with the Alfalfa Ditch Company. The question was asked about capital expenditures. It was explained that this item was for the proposed new storage tank, or reservoir, which was followed by considerable discussion about types of tanks and prices and the purpose of the tank.

After other discussion, it was moved by Fred Burrit to approve the Budget, with a second by Roy Wolf. Motion passed without opposition.

The next order of business was election of directors. Those whose terms are expiring are: Herschel (Bud) Burgess, ^{Cedar Bluffs} Eddie Fischer, of Upper Surface Creek area; and John Hawkins of Redlands Mesa. It was moved by William Coleman, and seconded by Russell Maine that the present directors be retained and the Secretary be instructed to cast a unanimous ballot. The Secretary complied with this instruction after Mr. Coleman's motion was carried without opposition, and the three men were declared elected each for another 2-year term.

After discussion on various topics related to water, the meeting adjourned, followed by serving of refreshments and a period of informal discussion.

Respectfully submitted,


John Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF ANNUAL STOCKHOLDERS' MEETING DECEMBER 13, 1977

The meeting was called to order at 7:30 p.m. by Association President Robert E. Phillips, in the American Legion Hall in Cedaredge.

The Secretary read the call of the meeting.

The President appointed a credentials committee composed of Netha Macfarlane, Fred Campen, and Lynn Wright.

The Secretary called the roll, there being 95 necessary for a quorum. There were 38 present, 79 proxies, for a total of 117. The President declared a quorum.

There were two guests present, Cedaredge Mayor Ed Marah and Cedaredge Engineer Ray Schuster.

The minutes of the last annual meeting were read by the Secretary. There being no changes or corrections, the President declared the minutes approved as read.

President Phillips gave his report to the members. He commented that this was the largest attendance we had ever had at an annual meeting, and also it had been one of our most difficult years because of the drouth.

He thanked the members for their outstanding cooperation during the driest year on record. This cooperation was one of the most important factors in getting through the drouth.

He stated that the new 330,000 gallon storage tank was the year's greatest accomplishment regarding improvements to the line, and it was also an important factor in helping the Association through the drouth. The second biggest accomplishment was the construction of the Muck Lane and Rowbotham Lane extension. Another improvement was construction of a short line on Cedar Mesa.

He touched on needed improvements, including upgrading the Redlands Mesa line. He noted that Mr. Marah and Mr. Schuster were in attendance to find out if the Association might want to share in the Town's proposed filtration plant.

The President noted that the Association had experienced the largest growth of any year in its history. In conclusion, he again expressed appreciation to the membership for curtailing water use during the drouth.

Mr. Ray Schuster and Mr. Ed Marah then presented a tentative plan and tentative schedule for their proposed filtration plant. There was lengthy discussion on whether or not the Association should join with the Town of Cedaredge in this plant.

MOVED by John Mihelich that it should be left to the discretion of the Board of Directors to look into the need for a filtration plant, and for joining with the Town of Cedaredge in its construction, and if the Board thought it the thing to do, they should go ahead, including authorization for applying for grant monies and loan, and to raise the price of the monthly bill if necessary.

SECOND by Alvah Baxter. MOTION PASSED without opposition.

The President called for Unfinished Business.

There was discussion about water supply. Mr. Lynn Wright asked if we would benefit from the proposed Grand Mesa Project. Mr. Phillips replied that we have made application to the Grand Mesa Water Conservancy District Board for approximately 600 acre feet of water for domestic use from the Grand Mesa Project.

Mr. Herb Beckley asked if water allotment per tap is the same on the entire system. The President replied that most of the system is 7,500 gallon minimum per month per tap; but that Redlands Mesa's is 10,000 gallon minimum per month per tap. Redlands was put on a dole system because it was built with a 1/2 mile per patron basis; the rest of the system is on pressure as it is based on 1/4 mile per patron.

The President called for New Business.

Mr. Getzler commented on the Redlands system, and said he felt he had not been given enough information during the drouth when his water supply was cut. Mr. Getzler moved that a moratorium be placed on the sale of any new taps until such time as we can continue to supply 10,000 gallons a month on Red lands Mesa to all taps; and if we can, to continue to sell taps elsewhere if it does not affect Redlands.

The President asked for a second to the motion. There being none offered, the President declared the motion dead for lack of a second. He told Mr. Getzler we will do our best to keep him informed as to what is going on.

Next order of business was presentation of the budget. After discussion, the President asked for a motion of acceptance of the budget.

MOVED by Mr. Weldon Roberts that the budget be accepted as read. SECOND by Mr. Dayton Myers. MOTION CARRIED without opposition.

Next order of business was the election of officers.

The Surface Creek District was short one director, the unexpired term of Eddie Fischer being vacant as Mr. Fischer is no longer a member of the Association.

Mack Gorrod nominated Herman Kline to fill Fischer's unexpired term. Second by Jess Gibson. MOVED by Weldon Roberts to close nominations and elect Mr. Kline by acclamation. SECOND to the Roberts motion by Mr. Bill Coleman. MOTION CARRIED, and Mr. Kline was declared elected by acclamation.

Netha Macfarlane MOVED that the rest of the board members whose terms were expiring be re-elected by acclamation. SECONDS by Herb Beckley and Bill Coleman. MOTION CARRIED without opposition, and the following officers were declared elected by acclamation:

Robert Phillips, member-at-large;
Floyd McPherson, Cedar Mesa District;
R.P. Sheppard, Upper Surface Creek District;
Fred Burritt, Redlands Mesa District, all these directors to

serve for 2-year terms.

There being no further business to come before the stockholders, the meeting adjourned, followed by a brief informal period of discussion, and refreshments.

Respectfully Submitted,

John Hawkins
John Hawkins, Secretary

NOTICE OF SPECIAL STOCKHOLDER'S MEETING
OF
UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

NOTICE is hereby given that a special meeting of the stockholders of **Upper Surface Creek Domestic Water Users Association**, a State of Colorado corporation, will be held at the American Legion Hall in Cedaredge, County of Delta, State of Colorado, on May 9, 1978, at 8 o'clock P.M. for the purpose of considering for adoption the following amendments to the corporate By-Laws:

1. ARTICLE III, Section 1, to amend persons entitled to become members from residents to land owners and to increase the membership fee from One Thousand Dollars (\$1,000.00) to Two Thousand, Five Hundred Dollars (\$2,500.00) or as may be otherwise amended by the stockholders present at such meeting.
2. ARTICLE III, Section 4, to grant the Board of Directors the power to change the Redlands Mesa area from a dole valve system to a high pressure system at their discretion.
3. ARTICLE IV, Section 1, to amend the notice period necessary to call a stockholder's meeting from 30 days to 10 days upon mailing of notice.
4. ARTICLE VII, Section 1, to amend the payment date for water charges from quarterly to monthly.

and to transact such other business as may properly come before the meeting or any adjournment thereof.

The exact language or wording of such proposed amendment may be obtained by request from the Secretary of the Association at P. O. Box 447, Cedaredge, Colo. 81413.

DATED this 6th day of April, 1978.

BOARD OF DIRECTORS of
UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

BY: Robert E. Phillips, President
John W. Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF SPECIAL STOCKHOLDERS MEETING HELD MAY 9, 1978, AT
AMERICAN LEGION HALL, CEDAREDGE, COLORADO

The meeting was called to order at 8 p.m. by President Robert E. Phillips.

The Secretary read the call of the meeting, a copy of which is attached and is a permanent part of these minutes.

The President appointed a credentials committee composed of Dayton Myers, Herb Beckley, and Gary Ford.

The Secretary called the roll of 305 members representing 341 shares of stock, a 1/3 majority being required for a quorum.

The Credentials Committee reported 65 present in person and 72 proxies, for a total of 137. There being 101 and 2/3 necessary a quorum was declared.

The Secretary read the minutes of the last annual stockholders meeting. Ray Bingham called attention to a typographical error which had the meeting as being held December 13, 1978. It was corrected to read December 13, 1977, and the minutes were approved as corrected.

The Special Meeting having been called for the specific purpose of amending the By-Laws, the President went to the first proposed amendment. This was Article III, Section 1, dealing with qualifications for membership and a raise in the membership fee to \$2,500.00. Phillips commented briefly on the reasons for the proposed change, and called for discussion. There was lengthy, thorough, discussion.

Phillips asked for a motion on amending Article III, Section 1.

MOTION by Weldon Roberts to bring it to a vote for adoption or rejection.

SECOND by Gary Ford.

A question from the floor asked how soon it would become effective.

Phillips again read the proposed amendment, stating that the moment it was approved it would become a part of the By-Laws, effective upon adoption.

Ingval Hanson said that before the motion was voted on, he would like to propose an alternative amendment.

There was discussion on parliamentary procedure. It was decided to vote first on the Hanson motion; then vote on the Roberts motion.

MOTION by Ingval Hanson to change the price portion of this proposed amendment to Article III, Section 1, to read \$1,250.00, effective September 1, 1978.

SECOND by George Arnold.

There was discussion on the Hanson motion. Chuck Worley said he favored this motion.

Herb Beckley commented that the Hanson amendment only raised the tap fee by \$50, and it wouldn't be possible to build up much of a fund on that.

Porter Sheppard stated that if the members wanted to see this Association fold up, with all the new building going on and all the new people coming in and demanding service, then to reject the \$2,500 increase. If the members wanted to continue handling the new members and keep good water, he said, they should vote for the \$2,500 raise.

Lynn Wright said he thought we should raise the tap fee to \$3,500.

Ray Hamilton asked if we would have to raise our rates to keep up, without the increase.

Phillips answered that in all probability, we would. After thorough discussion, Phillips asked if the group was ready for the question on the Hanson motion.

MAURICE BAUER: Question.

The vote was by a show of hands. There were 12 for,
30 against.

Phillips asked if a proxy count was wanted.

There were several answers of "No". There were no answers of yes.

Phillips declared the amendment proposed by Ingval Hanson as defeated.

Loyd Knowles said he would like to see an \$1800 fee effective September 1, 1978, but he did not make a motion.

Chuck Worley stated he did not think this question had been fairly or honestly presented to the stockholders. He took the floor and talked on wishing we had specific figures and accounts whereby the Board had arrived at the \$2,500 figure.

PHILLIPS asked if the group was ready for the question on Roberts' motion on amending Article III, Section 1.

SEVERAL responded, Question.

Vote was by a show of hands, with 44 approving the amendment,
21 against the amendment.

Phillips declared the amendment approved. The amendment as adopted is attached hereto and is a permanent part of these minutes.

Phillips went to the next proposed amendment, it being Article III, Section 4, to authorize the Board of Directors to change Redlands Mesa from a dole system to a pressure system, at the Board's discretion. He asked for discussion.

Yoram Getzler asked why it was needed. The needs were explained, and there was considerable discussion regarding the proposed changes in the Redlands system.

Phillips asked for a vote on the proposed amendment.

RAY FREY moved that we accept this amendment.

HERB BECKLEY, second.

Vote was by a show of hands, with 40 for,
11 against.

Phillips declared this amendment of Article III, Section 4, as approved. The amendment as adopted is attached hereto and is a permanent part of these minutes.

Phillips went to the next proposed amendment, it being Article IV, Section 1, concerning the changing of length of time for notice of a stockholders meeting from 30 days to 10 days, and changing requirements of printing the legal notice. He asked for discussion, and a brief discussion followed.

NETHA MACFARLANE made a MOTION to accept this amendment.

SECOND by Jesse Hood.

Vote was by a show of hands, with 57 for,
8 against.

Phillips declared this amendment to Article IV Section 1, as approved. This amendment as adopted is attached hereto and is a permanent part of these minutes.

Phillips went to the last amendment proposed, Article VII, Section 1, regarding method of billing. He explained that when the By-Laws were drawn up, they provided for quarterly billing; however, this was shortly discontinued in favor of monthly billing, which has been continued ever since. The amendment would provide for monthly or quarterly billing at the option of the Board.

There was brief discussion.

MOTION by Gary Ford to accept this amendment.

SECOND by Herb Beckley.

Vote was by a show of hands, with 46 for,
0 opposed.

Phillips declared the amendment approved. The amendment as adopted is attached hereto and is a permanent part of these minutes.

Phillips called for any further business.

George Zimmerman asked if the Association could have its name shortened, it being too long to fit on a check.

Phillips said this could be considered, but it would mean changing the Articles of Incorporation and the By-Laws.

The clerk said many members abbreviate the name by using the first letter of each word, or other abbreviations, and that these are acceptable.

Herman Kline recommended we leave the name as is.

George Arnold made a motion that we delay the raise in the tap fee for one year.

Chuck Worley seconded this.

Maurice Bauer stated that according to parliamentary procedure, this amendment had already been voted on and therefore, this motion was out of order.

Gary Ford agreed with Mr. Bauer, that the tap fee was already voted on to be effective immediately.

Phillips declared the motion dead because effective date of the increase of fee had already been voted on.

There were questions and discussion on various items.

Worley said he would like to see a uniform policy on pressure regulators. Some of them are located in the meter pit and are maintained by the Association; others are in the owner's house and are maintained by the owner.

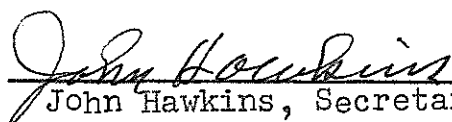
Phillips said he was sure the Association had made mistakes over the years, and having the pressure regulators in with the meter was one of them.

Mrs. Porter Bowen said she wanted the policy to stay as it is.

Mrs. Lucille Bowen said she favored the present policy, also.

Earl Baxter said he also wanted the policy to stay as it is. There was a voluntary, informal vote on the matter, with a majority of hands showing in favor of the present policy on pressure regulators. No opposing votes showed.

There being no further business, the meeting adjourned at 10:30 p.m.


John Hawkins, Secretary

AMENDMENTS TO BY-LAWS AS ADOPTED AT A SPECIAL STOCKHOLDERS MEETING OF THE UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION HELD MAY 9, 1978, AT THE AMERICAN LEGION HALL, CEDAREDGE, COLORADO, THESE AMENDMENTS TO BE A PERMANENT PART OF THE MINUTES OF SAID MEETING.

ARTICLE III-- Membership.

Section 1. Persons who own real property or who reside in the area served by this Association, as described in the Certificate of Incorporation, and, considering the needs of users who may already be members, for whom the Association has an adequate supply of water, and can serve without undue hardship, inconvenience or expense, shall be eligible for membership upon application in such form as provided by the Association and upon payment of a membership fee of Two Thousand, Five Hundred (\$2,500.00) Dollars, said payment to be for one membership for one residence only and for one 3/4" (three-quarter inch) tap served through a 5/8" by 3/4" (five-eighths inch by three-quarter inch) meter or equivalent; larger sized taps may be allowed at the discretion of the Board of Directors at a price to be established by the Board of Directors; effective upon adoption.

ARTICLE III -- Membership.

Section 4. The rights, privileges and obligations of all members of this Association shall be equal, except as provided in Section 5 of Article IV of these By-Laws; and provided further, that the members in this Association in the Upper Surface Creek area and in the Cedar Mesa area shall continue to be served by a high pressure system. The members on the Redlands Mesa area shall receive water on a dole valve system in such quantities of water as the Board of Directors may from time to time decide, provided, however that all members shall pay an equal minimum monthly rate for such water; and provided, further, however, that the Board of Directors shall have the discretion to convert the Redlands Mesa area to a high pressure system without a vote of the stockholders. Rates shall be fixed by Resolution of the Board of Directors and filed with the Secretary of the Association.

ARTICLE IV -- Membership Meetings.

Section 1. Annual Meetings: Annual meetings of the members for the election of Directors and for other business which may properly come before the meeting shall be held at the Town Hall or such other place as the Board may designate in the Town of Cedaredge, County of Delta, State of Colorado, on the second Tuesday in December of each year. Public notice of the time and place of said meeting shall be given by the Secretary by publication in a newspaper having general circulation in Delta County, Colorado. Such notice to be published at least once, not more than thirty (30) days nor less than ten (10) days prior to the date fixed for said meeting and by giving at least ten (10) days, but not more than thirty (30) days written or printed notice stating the time and place of such meeting by depositing a copy of such notice in the United States mail, addressed to each member at his address, as the same may appear on the records of the Association, or by delivering such notice personally to each member. Members shall be permitted to waive such notice and

(Amendments to By-Laws, at meeting of May 9, 1978, said amendments a permanent part of minutes of that meeting, Page 2.)

a waiver in writing signed by the person or persons entitled to such notice, whether before, at or after the time stated therein, shall be deemed equivalent to such notice.

ARTICLE VII -- Assessments and Charges.

Section 1. Water Charges: The Board of Directors shall establish a rate of charge for water flowing through the meters which are to be installed on each service line connected with the Association's system. Such charges shall be in accordance with the amount registered by such meters. The rate shall provide for a minimum monthly charge. The Board of Directors shall be guided in establishing the rate of water charges by the estimated amount necessary to pay the costs of operation, maintenance, repair, rehabilitation and construction of the system and payments of principal and interest of any indebtedness of the Association which may have been contracted in connection with the Association's operation. Water charges on water sold through meters shall become due and payable quarterly or monthly at the option of the Board of Directors and shall become delinquent if not paid within ten days from date statement of the same is mailed by the Secretary and if not paid within thirty days from the date said statement is mailed by the Secretary, the tap of said water user shall thereupon be shut off by the Company or its authorized agents.

MINUTES OF STOCKHOLDER'S ANNUAL MEETING HELD DECEMBER 12, 1978, IN THE AMERICAN LEGION HALL IN CEDAREEDGE, COLORADO.

President Bob Phillips called the meeting to order at 8 p.m.

Secretary John Hawkins read the call of the meeting.

Chairman of the registration committee, Mildred Hamilton, presented the registration of members. She reported 91 proxies and 27 present in person as registered by the committee of three: herself, Waneta Widner, and Kathleen Hawkins.

Mr. Phillips asked those present if they wished to accept the Registration Committee's Report.

MOTION by Bob Evans,
SECOND by Bill Coleman,

To accept the roll call of 118 as registered at the desk.

MOTION approved with no dissenting votes.

There being 110 - 1/3 necessary, the president declared a quorum and asked the secretary for reading of the minutes of the last annual meeting, held Dec. 13, 1977, and minutes of the Special Stockholder's meeting of May 9, 1978.

The secretary read the minutes of the two meetings. There being no additions or corrections, the minutes were approved as read.

The president presented his annual report to the members, noting that there is a need to develop some method for insuring a quorum.

He commented that our water supply had been excellent, in contrast to the year before. He said we haven't reached the limit of our supply, but are inquiring of subdividers and others to augment our supply.

He pointed out that more growth and changing conditions had brought new needs and demands. It had become apparent that our membership fee and assessments would not be adequate to supply the needed additional water and facilities; this had resulted in the calling of a special stockholders' meeting on May 9, and the approval of a membership fee increase.

Improvements to the system were largely on Redlands Mesa and Cedar Mesa, he said. On Cedar Mesa, a 1700-ft., 4-inch line was installed to complete a grid down Peach Tree Lane to Joe Hamilton's Four-Corners; there was an extension into Hutchinson's Far View Subdivision; and about a mile of branch line on the east end going down into Dry Creek.

On Redlands, Phillips said, we added about 15,000 feet of new line to serve the upper end of that Mesa, the start of what is hoped eventually to be a pressure system on all of Redlands.

He reported that in membership growth, we issued 51 new memberships, which far exceeded the previous year's record high of 34.

Financially, the Association had been able to place \$40,000 in its Reserve Fund, to bring the fund's total to \$73,000.

(Minutes of annual meeting of 1978, cont'd):

Phillips said planned improvements called for purchase of more water; continued improvements on Redlands; and additional storage facilities. He said the Association is negotiating a contract with the Town of Cedaredge for payment to them for filtering and treating our water through their new treatment plant, for which they had received a Farmers Home Administration loan; that we had considered our total relationship with the Town and have had our attorney confer with theirs.

He concluded his report by saying we had had another big year; that what is happening in the area is sometimes frightening; and that the membership was wise in raising the tap fee. He said he would be glad to answer any questions.

Mr. Coleman asked how subdivisions are handled. Phillips explained that the subdivider comes in with a plan before they are approved as a subdivision; that they must get with the Association and determine if we can supply water to them before they go to the County Planning Commission. They must agree to pay a large part of the new line -- the Association pays for any oversize. Each subdivider is treated independently.

The question was asked as to how many of the 51 new memberships were at the \$2,500 level; the answer being, three.

The Secretary presented the Financial Report. There was discussion on the report. Mr. Evans asked if the transfer fee is a new charge, and how much. The Secretary told him it is a new \$5.00 fee. Mr. Gibson asked how much the Association owes on its FHA loan; the answer: \$187,000.00.

MOTION by Bob Evans,
SECONDS by H. B. Johnson and Jess Gibson,
That the financial report be accepted and placed on file.
MOTION carried with no dissenting vote.

Under UNFINISHED BUSINESS, the Secretary explained further on the status of the filtration plant agreement with the Town of Cedaredge. There was a lengthy question and answer period, with all aspects of the plant and the agreement being explained in detail by the president, the secretary, and board members.

The president called for NEW BUSINESS. There being no new business, the secretary presented the budget. There was thorough discussions, with questions answered by the president and secretary.

MOTION by Lynn Wright,
SECOND by Mack Gorrod,
That the budget be accepted for next year's operation.
MOTION CARRIED with no dissenting vote.

Jimmie Iacovetto asked about the policy on water charges for owners of two taps. He asked if all the water could be charged to one tap, with no metered charges until after both minimums had been used up.

Director Fred Burritt explained that it has always been the Association's policy that once an extra tap is actually installed, the owner pays the minimum on each tap, and extra water is charged to the tap it flows through.

Next order of business was election of board members. Those whose two-year terms were expiring were:

Herschel Burgess, Cedar Mesa;
Herman Kline, Upper Surface Creek;
John Hawkins, Redlands Mesa.

Bill Coleman nominated all three directors for another term.
SECOND by Mack Gorrod.

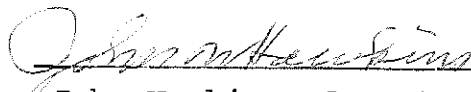
MOTION by Floyd McPherson,
SECOND by Fred Burritt, that nominations cease and all three
men be re-elected by acclamation.

MOTION CARRIED with no dissenting votes.

Burgess, Kline and Hawkins were declared elected by acclamation.

There being no further business to come before the stockholders, the meeting adjourned, followed by serving of refreshments and a brief period of informal discussion.

Respectfully Submitted,



John Hawkins, Secretary-Treasurer

MINUTES OF THE ANNUAL STOCKHOLDERS MEETING OF UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION, December 11, 1979

The meeting was called to order by Association Vice-President Fred Burritt at 7:45 p.m. in the American Legion Hall in Cedaredge, on December 11, 1979.

Secretary-Treasurer John Hawkins read the call of the meeting.

The Credentials Committee chairman reported an attendance of 29 present in person and 113 present by proxy, for a total of 142. There being a total of 120 necessary, a quorum was declared by the Vice-President. The Credentials Committee report is attached hereto and is a permanent part of these minutes.

Minutes of last year's annual meeting were read by the Secretary. There being no changes or corrections, they were declared as being approved as read.

The President's Report to the Stockholders was presented. Mr. Burritt told the members the report had been prepared by President Bob Phillips, and that he was presenting the report in Mr. Phillips' absence.

Mr. Burritt reported that 15 new memberships were sold during the year, plus 6 deferred memberships. The new memberships brought the total number of shares of stock to 398, owned by 360 members.

Capital expenditures for the year were \$69,516, of which \$55,000 went into new construction; \$6,500 to the purchase of additional water; and the remaining \$8,000 to increased pipe inventory.

Major construction was on Redlands Mesa, with a total of new and replacement there of about 3 miles. Two stretches of new 4-inch line went in on Cedar Mesa, totalling about 1,500 feet. The Association installed line to two subdivisions in the Surface Creek area, these being Cernusak and Womack's "Parkwood Subdivision" and Sherrill and Orton's "Pinyon Estates Subdivision". Also installed was a new 2-inch line of about 1,500 feet to serve the Church of God's "Camp Joy" on Surface Creek. Altogether, this made a total of over 4 miles of new line and replacement on the system for the year.

In addition to meeting normal operating expenses, and making the mentioned capital expenditures, the Association added \$13,000 to the Reserve Account. Mr. Burritt explained that this does not mean that more revenue is being generated than is necessary, for two reasons: (1) the amount of funds needed in any particular year depends almost entirely upon the rate of improvement that the Board or the Stockholders wish to make in that year; and (2) the amount of revenue available in any given year is dependent largely upon the new memberships sold in that year.

Mr. Burritt told the members that the most urgent needs of the Association now remain the continued replacement and improvement to the Redlands system. It has been the policy

of the Board to proceed with improvements in that area as rapidly as possible while still maintaining a substantial amount in the Reserve Fund to meet any unexpected contingencies.

Mr. Burritt concluded his report by asking for questions and discussions.

George Zimmerman inquired as to what a deferred membership is, and this was explained to him. Mr. Jess Gibson asked if all the deferred memberships were in subdivisions and it was explained that was the case this year, but it is not always the case.

The chairman asked the Secretary-Treasurer to present the Financial Statement.

After brief discussion, a motion was made by Lynn Wright to accept the financial report. Second by H. B. Johnson. Motion carried.

Unfinished business was called for.

The Secretary explained the fact that the agreement with the Town of Cedaredge had not been completed on the filtration plant, due perhaps to difficulty in communicating with the Town. Mr. Burritt said the agreement is in the hands of the attorneys. George Zimmerman asked who the attorneys are, and Mr. Burritt said they are Jim Brown for the Town, and the Briscoe firm for the Association. Board member R. P. Sheppard said he believed the agreement was almost ready.

Dave Egan asked if water is going through the plant, and the answer was, yes. Ervin Casebier asked if the Association's water is the same as Cedaredge's, and the structure of the jointly owned line was explained. Lynn Wright asked if the Association will be obligated for back billing when an agreement is finally reached, and Egan asked if the \$3,000 budgeted will be applied retroactively. Mr. Burritt stated that since we are both allied with Farmers Home Administration, the original tentative agreement will probably hold. There was a lengthy discussion on various aspects of the filtration plant and the agreement, and other matters relative to operation of the entire system.

New business was called for.

Zimmerman asked if the Association is near capacity, especially regarding subdivisions. Burritt replied that 500 taps will be at capacity, and that we need storage tanks. Gibson asked if any additional water had been purchased. Hawkins replied that \$6,500 worth of reservoir water had been purchased.

Lynn Wright asked if the Association had applied for Grand Mesa Project water. Burritt said we have applied; it will be some time in the future before this is available. Wright then asked if we have pursued the excess water that Delta will have under Project 7. Hawkins explained about an exchange formula and

(1979, cont'd).

the process of getting the water here; that Delta at present is more interested in renting than in selling.

Earl Baxter asked if a new tank on Redlands is planned this year. Hawkins said the decision had not as yet been made.

Zimmerman protested the policy of requiring subdividers to purchase 25% of his taps each year and commented on what he thought was the unfairness of this. He stated that subdividers in this Association are at a disadvantage compared to Orchard City.

Several Board members explained to him that our main concern is to protect existing stockholders, and that our system was not set up to serve business, but to serve individual members. Burritt said that serving developers is not our purpose.

Hawkins then explained the Mancos Rural Water Company's situation. That company is involved in litigation with the Public Utilities Commission, who is trying to claim jurisdiction over the Mancos Water Company. Hawkins said that this Association has sent \$500 to the Mancos company to help them pay for this legal battle, and may send more.

Burritt added that we are helping a rural water company that is threatened with being put under the jurisdiction of the PUC, and asked for comments and questions. He told the group that the Mancos company would give us an accounting of how the money is spent.

Harold Dryden asked that if the PUC succeeds in this litigation, if this Association would be next. Hawkins replied that our attorney had informed us this would likely be the attitude we will be working with.

While no formal motion was made, Wright, Netha Macfarlane, and Robert Evans all made statements favoring this Association's continued assistance to the Mancos Rural Water Company.

Zimmerman asked if this Association will be serving the coal mining development in the area. Board members Sheppard, McPherson, and Hawkins answered that, generally, no.

The budget for the coming year was presented.

After discussion, a motion was made by Jess Gibson, with a second by Ervin Casebier, to approve the proposed budget. The Motion passed on a voice vote: all AYES, no NOES.

Next order of business was election of officers. Those whose terms were expiring were: Member-at-Large, Bob Phillips. Cedar Mesa, Floyd McPherson. Upper Surface Creek, Porter Sheppard; Redlands Mesa, Fred Burritt.

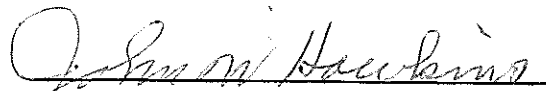
Mr. Zimmerman moved that the outgoing directors be nominated by acclamation. Second by Netha Macfarlane. Hand vote was unanimous that we retain Phillips, McPherson, Sheppard, and Burritt. These directors were declared reelected by acclamation.

A question was asked of how many years we have to pay off our indebtedness, and it was explained that we have 40 years from our last loan.

Burritt thanked everybody for coming to the meeting, and announced that Netha Macfarlane was serving free refreshments.

Sheppard moved that the meeting adjourn. McPherson seconded, and the meeting adjourned at 9:30 p.m. followed by a brief period of informal discussion and refreshments.

Respectfully submitted,



John Hawkins, Secretary-Treasurer

ANNUAL STOCKHOLDERS' MEETING
December 11, 1979

REPORT OF CREDENTIALS COMMITTEE

We, the undersigned members of the credentials committee, report the following members present at this Annual Stockholders' Meeting of December 11, 1979:

29 present in person;

113 present by proxy;

142 total present.

Dan C. Hawkin

Helen R. Hawkins

Mildred B. Hamilton

Kathleen Hawkins

Chairman

MINUTES OF ANNUAL STOCKHOLDERS MEETING HELD DECEMBER 9, 1980
AT THE AMERICAN LEGION HALL IN CEDAREDGE, COLORADO

The meeting was called to order by Association President Robert E. Phillips at 7:30 p.m.

The Secretary read the call of the meeting.

Anna Maudlin reported for the Credentials Committee that 31 members were present in person and 113 were present by proxy, a total of 144. A quorum being 1/3 of the 371 members, or 124, President Phillips declared a quorum. The Credential Committee members were Mrs. Maudlin, Mrs. Beulah Mowry, Helen Hawkins, and Dan Hawkins. The Committee made its report at 7:45; said report is attached to and is a permanent part of these minutes.

Minutes of last year's meeting were read by the Association Clerk, the secretary being afflicted with flu and laryngitis. The minutes were approved as read.

Mr. Phillips presented the President's Report to the Members:

In membership growth, he reported 8 new memberships sold, and 17 new memberships issued for deferred memberships that have matured. This brought the total number of stock to 424, owned by 371 members.

Capital expenditures for the year amounted to \$82,755.00 of which about \$66,755 went into new construction; the remaining \$16,000 went into increased pipe inventory.

Major construction was again on Redlands Mesa. The Association installed a 100,000 gallon storage tank there at a cost of a little over \$40,000. This makes it possible to start placing Redlands on a pressure system and eliminating the inferior lines which are rapidly deteriorating and causing increasing maintenance problems. The past year, about 8,500 feet of line was replaced in the worst problem areas and this year's budget provides for replacing a considerable amount.

New extensions to the system this year were minimal, (1) being about 1,200 feet of new 2-inch line in Dry Creek serving two new members; and, (2) being about 600 feet on Upper Surface Creek to one new house.

Other improvements include a gravel trap at the main tank and meter where gravel was getting into the master meter and causing trouble.

Except for the ever-increasing problems on Redlands, the system operated rather smoothly this year, Phillips reported. The exceptions were a couple of major breaks,

one of which was embarrassingly hard to find and caused quite an inconvenience for a few families on the extreme upper end of Cedar Mesa, as well as much frustration to maintenance personnel.

As with every other segment of our society, Phillips said, this Association is faced with inflation. He said he was sure all the members were aware of the increase in costs of labor and materials and machine hire, and the Association is no exception.

Because of this, he said, one of the painful things to be addressed at this meeting will be a rate increase, the first since 1966. It has been 14 years without an increase, and because our expenses are about equal to receipts from water, the Board feels it is necessary to increase the base rate in order to prevent the expenses from exceeding the revenues. The Board's policy is that revenues from new memberships should be applied to capital improvements to the system, or to the purchase of water, or to debt retirement.

Phillips concluded his report by thanking the members for their efforts at getting proxies and by attending in order to have a quorum.

Phillips then presented the financial report of the past year's business. After discussion, it was moved by George Gault, with seconds from Dayton Myers and Netha Macfarlane, that the financial report be approved. Motion carried.

Old business was called for. Secretary John Hawkins reported on the situation regarding the suit against the small, rural Mancos Domestic Water Company, for which this Association had contributed \$500 to help defray legal costs. The outcome of the case was in favor of the water company, and they will not be regulated by the Public Utilities Commission.

The second item of old business was our contract with the Town of Cedaredge for water treatment in their filtration plant, the status being that the contract is agreed to and signed; water is going through the plant; and the rate of payment to the Town is \$1,000 per quarter, with an adjustment at the end of the year for actual amount used. The contract can be reviewed and altered if necessary.

There being no new business, the budget for the coming year was presented and discussed, item by item. The item of the increase in the monthly minimum water rate from \$10 to \$12 was thoroughly discussed and was voted on separately.

Lynn Wright moved that the base monthly water rate of \$12 as suggested by the Board of Directors be adopted, effective immediately. Second by Bob Widner. Vote was by a show of hands of those members present, with a count of 24 yes, 3 no. Motion carried.

Upon completion of presentation of the budget, the President called for a vote on its adoption. It was moved by George Gault, with a second by Earl Baxter, that the budget be adopted as presented. Motion carried.

Next order of business was election of directors whose terms expire, those being Herschel G. Burgess, Jr., from lower Cedar Mesa; Herman Kline from Upper Surface Creek; and John Hawkins from Redlands Mesa.

Bob Widner moved that Burgess, Kline and Hawkins be nominated to each serve another 2-year term and that they be declared elected by acclamation. Second by George Gault. The motion carried without opposing vote, and President Phillips instructed the Secretary to cast a unanimous ballot for the election of Burgess, Kline and Hawkins, each for a 2-year term.

After general discussion and comments, the meeting adjourned at 9:30 p.m., followed by serving of refreshments by Netha Macfarlane and informal discussion among the members, with a big thanks from all to Mrs. Macfarlane for her hospitality.

Respectfully submitted,

John Hawkins
Secretary-Treasurer

Upper Surface Creek Domestic Water Users Association

Post Office Box 447
Cedaredge, Colorado 81413

December 9, 1980

We, the undersigned members of the Credentials Committee at the Annual Stockholders Meeting of December 9, 1980, find the following number of members present at said meeting:

Present in Person: 31

Present by Proxy: 113

Total Present: 144

Total number required by By-Laws of this Association is one-third of the membership. The membership as of November 30, 1980, the close of the fiscal year, being 371, we find 124 members necessary for a quorum.

We declare the above total members present do
(does) (does not) constitute a quorum.

Beverly Mowry
Committee Member

Anna C. Mauldin
Committee Member

Helen R. Hawkins
Committee Member

Don A. Hawkins
Committee Member

Kathleen Hesketh
Committee Chairman

MINUTES OF ANNUAL MEETING OF STOCKHOLDERS OF UPPER SURFACE
CREEK DOMESTIC WATER USERS ASSOCIATION, 1981

The meeting was held December 8, 1981, in the American Legion Hall in Cedaredge.

President Robert E. Phillips called the meeting to order at 7:30 p.m.

The Call of the Meeting was read by the Association clerk.

The credentials committee gave its report at 7:40, reporting 30 present in person, 116 present by proxy for a total of 146. There being 126 needed for a quorum, a quorum was declared. The Credentials Committee members were: Anna Maudlin, Sharla Boom, Martha Mohan, Dan Hawkins, with Association Clerk Kathleen Hawkins as chairman. Their report is attached to these minutes.

The Secretary read the minutes of last year's meeting. There being no additions or corrections, the minutes were approved as read.

Mr. Phillips presented the President's Report to the Stockholders.

In the year of 1981, he said, we did not experience the growth anticipated at the beginning of the year. This was largely the result of the general economic condition.

The Association sold 10 new memberships, Phillips reported. These were two less than anticipated; however, they were two more than sold the previous year. The financial statement shows less revenue from this source than expected.

Phillips went on to say that the financial statement also shows slightly less revenue from water than was anticipated. This was due to restriction in water use because of a water shortage early in the season and above-normal rainfall late in the season.

He reported there was very little in the way of new extensions to the system this year. We added only 4 short lines, serving only single families at this time, for a total of about 3,000 feet. These were largely paid for by the individuals.

Phillips reported that the principal capital construction again was on the Redlands system, where 28,360 feet of the old line was replaced. This constituted the major part of the capital expenditures of \$48,554, and made a tremendous advance. ~~One more year of like expenditures would very nearly complete the rebuilding of the entire Redlands system.~~ Phillips referred to maps on display to illustrate the work done. The new Upper Redlands extension, and the re-built Redlands portion, are working very well. The Board is looking forward to the completion of that system, maybe not next year but the year following.

Phillips reported that projects in the near future are, Number One: About 6,000 feet of new line on the east side of Cedar Mesa into Dry Creek. He showed on maps that this will parallel the existing line which is becoming heavily loaded and may starve the rest of the system beyond. Project Number Two will be a new storage tank on the extreme upper end of Cedar Mesa. He said we expect to construct these two projects as soon as money is available, barring any unforeseen emergency.

Phillips reported that the Association has 378 members, representing 431 shares of stock. This compared to 140 shares of stock when the system was completed in 1961. In the beginning, many members owned multiple taps in order to make the system possible.

The capital expenditures have reduced the Reserve Account to \$30,000, he said. The Board feels that we should try to maintain that minimum level to allow for emergencies.

The President concluded his report by saying that the budget shows we are maintaining a good balance between operating income and operating expense, which we faced up to last year by raising the rates.

Next order of business was presentation of the financial report. Following thorough discussion,

It was MOVED by Dayton Myers, second by Netha Macfarlane, that the Financial Report be accepted and placed on file. MOTION CARRIED without opposing vote.

New business was called for.

Lynn Wright asked what the Association's policy is on fire hydrants. Discussion revealed that Mr. Wright is served by a 2-inch line, that 2-inch hydrants are available. The merits of this size hydrant as compared to a 4-inch hydrant were discussed as related to the requirements of the Fire Department's pumpers. Mr. Phillips stated that the Board will contact the fire department and see if they have some suggestions for what the Association could do regarding this matter.

Secretary John Hawkins presented the budget for the coming fiscal year, followed by questions and discussion.

It was MOVED by Lynn Wright, seconded by H.B. Johnson, that the budget be accepted as presented and adopted for next year. MOTION CARRIED without opposition.

Next order of business was election of Board members. Those whose 2-year terms expire are:

Fred Burritt, Redlands Mesa;
Floyd McPherson, Cedar Mesa;
Robert E. Phillips, Member-At-Large;
R. P. Sheppard, Upper Surface Creek.

It was MOVED by Netha Macfarlane that these 4 members be re-elected and that nominations cease and that these members be elected by acclamation. SECOND by Connie Kimble.

MOTION CARRIED without opposing vote, and Burritt, McPherson, Phillips and Sheppard were declared elected by acclamation for another 2-year term each.

At the conclusion of formal business, the Association presented a gift of appreciation to Mrs. Netha Macfarlane for her years of volunteer work in serving refreshments to the members each year at the annual meeting.

The meeting adjourned at 9 p.m., following which the Secretary presented a display of maps of the system. These were studied by the members as they enjoyed refreshments served by Mrs. Macfarlane.

Respectfully submitted,



John Hawkins, Secretary-Treasurer

Upper Surface Creek Domestic Water Users Association

Post Office Box 447
Cedaredge, Colorado 81413

December 8, 1981

We, the undersigned members of the Credentials Committee at the Annual Stockholders meeting of December 8, 1981, find the following number of members present at said meeting:

Present in Person: 30

Present by Proxy: 116

Total Present: 146

Total number required by By-Laws of this Association is one-third of the membership. The membership as of November 30, 1981, at the close of the fiscal year, being 378, we find 126 members necessary for a quorum.

We declare the above total members present does
~~(does)~~ (does not)
constitute a quorum.

Brenda Mayberry
Committee Member

Shirley Brown
Committee Member

Martha Wilson
Committee Member

Dan J. Hawkins
Committee Member

Kathleen Hawkins
Committee Chairman

MINUTES OF ANNUAL STOCKHOLDERS MEETING, DECEMBER 14, 1982

The meeting was called to order by Association President Bob Phillips at 7:30 p.m., in the Cedaredge Community Center.

Secretary John Hawkins read the call of the meeting.

The credentials committee reported an attendance of 32 present and 113 proxies, for a total of 145. The required number being 131, a quorum was declared.

Minutes of last year's meeting were read. There being no additions or corrections, the minutes stood approved as read.

The president gave his report to the stockholders, stating that the Association had experienced a good year. Twelve new memberships were sold; capital improvements were close to the projected \$40,000. Water revenue was up.

He listed improvements made to the system, with the biggest being 15,000 feet of Redlands line replaced. One more such year will about complete the rebuilding of the Redlands system.

Growth of the Association has gone from the original membership of approximately 141 in 1961 to the present 393 members now owning 453 shares of stock. Phillips concluded his report with the comment that the Association's financial position is very good.

The financial report for the past year was presented in detail and discussed.

It was MOVED by Netha Macfarlane that the financial report be accepted and placed on file.

SECOND by Vern Kimble.

MOTION CARRIED.

Old Business:

Board member Rolland Sheppard reported on fire hydrants. He said the people in the fire district were of the opinion that it is quicker to go to town and refill the trucks than to wait to fill from small lines.

New Business: There was none.

Presentation of the Budget:

The Secretary went through the budget for the coming year item by item.

Mr. Robert Welch asked what the basis is for payment of treated water. It was explained that the Town of Cedaredge

charges on a gallons basis for the amount of water treated in their filtration-treatment plant.

Mr. Lynn Wright asked if any money had been put in the reserve account.

Phillips answered that since the budget was drawn up the Board had voted to put \$10,000 in the Reserve Account.

It was MOVED by Dayton Myers that the budget be accepted as presented for next year.

SECOND by Ray Hamilton.

MOTION CARRIED.

Election of Officers

Officers whose two-year terms expired in 1982 were:

Bud Burgess, Lower Cedar Mesa;
Herman Kline, Upper Surface Creek;
John Hawkins, Redlands Mesa.

It was MOVED by Don Parmenter that these three board members be retained.

SECOND by Vern Kimble.

MOVED by Robert Doose that nominations be closed and the Secretary be instructed to cast a unanimous ballot.

SECOND by Pete Klaseen.

MOTION carried unanimously.

Phillips pointed out maps on display that indicate new lines, replaced lines, location of taps, etc.

There was some discussion. Tom Jones asked if all the lines are owned by the Association. Hawkins said that with the exception of one very short private line that they are all Association owned.

Phillips announced free coffee and cookies being served by Netha Macfarlane. The meeting adjourned at 8:15 p.m., followed by a period of informal discussion and study of the maps.

John Hawkins, Secretary-Treasurer

Upper Surface Creek Domestic Water Users Association

Post Office Box 447
Cedaredge, Colorado 81413

December 14, 1982

We, the undersigned members of the Credentials Committee at the annual stockholders' meeting of December 14, 1982, find the following members present at said meeting:

Present in person: 32

Present by proxy: 113

Total Present: ~~74~~ 145

The number required by the By-Laws of this Association is one-third of the membership. The membership as of November 30, 1982, at the close of the fiscal year, being 393, we find 131 members present for a quorum.

We declare the above total members present X (does) does not) constitute a quorum.

Kathleen Hawkins
Kathleen Hawkins, Chairman

Anna Maudlin
Anna Maudlin

Sharla Boon
Sharla Boon

Beulah Mowry
Beulah Mowry

Helen R. Hawkins
Helen Hawkins

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF ANNUAL STOCKHOLDERS MEETING OF DECEMBER 13, 1983, HELD
IN COMMUNITY CENTER, CEDAREDGE, COLORADO

The meeting was called to order at 7:30 p.m. by Chairman Bob Phillips.

Call of the Meeting was read by Secretary John Hawkins.

Members and proxies were tabulated by the Association's new computer as members entered, so attendance was determined immediately upon the call to order. The Credentials Committee consisted of John R. Burritt, chairman; Anna Maudlin; Dan Hawkins, with Helen Hawkins operating the computer. They reported as follows:

25 members present in person
118 members present by proxy
143 members total.

The committee's report and a list of those in attendance and proxies is attached to these minutes.

Chairman Phillips declared a quorum and the meeting proceeded.

Minutes of last year's meeting were read by the Secretary. There being no additions or corrections, they were approved as read.

Chairman Phillips presented the President's Report to the members.

After a slow start due to the recession, he reported, the year ended as a nearly normal year. Receipts and expenditures were very close to projections, except for capital improvements. These were less than projected.

Capital expenditures normally reflect the amount of new taps sold within the year, as that is our primary source of funds for capital improvements. Although the year ended with the purchase of the exact number of taps projected, there was uncertainty throughout the year as to whether we would even come close. It was not until the last two days of November that the 10th and final tap was sold. The money is in the Reserve Account.

He reported on the purchase of a new computer as one capital expenditure, and noted that everyone saw it demonstrated by the quick roll call. An IBM machine was chosen after research and consideration. Since the Board had decided early in the year to spend approximately \$5,000 for the computer, and since revenues were uncertain, capital expenditures for system improvement were delayed until a better picture of revenues was available.

The Board decided this fall to continue with the Redlands line replacement; however, time and weather were limiting factors. So, capital expenditures include \$4,596.60 for the computer and this year's computer supplies, and \$17,518.47 for system improvement, for a total of \$22,115.07.

(over)

Mr. Phillips further stated that the Redlands system is now at a point that it will be completed this year, barring any unexpected major financial needs.

Plans for system improvement beyond this year include a new storage tank on the extreme upper end of Cedar Mesa and enlargement of the supply line between Cedar Mesa and Redlands Mesa by a parallel line from Joe Hamilton's corner to Redlands.

He reported a current total of 402 members, an increase of 9 over last year, representing 463 taps; this probably makes this Association the largest completely rural water company in Delta County.

The system operated smoothly during the year, with the usual small breaks and leaks that always plague domestic water systems -- such as the 36-inch line break in Denver recently! The Association's one major break was caused by prolonged high flood waters last spring at one of the main line creek crossings. However, with quick response and help from Bradley Peterson and his contracting crew, and from Doughty Steel & Machine, and by working until after dark in the rain, the break was repaired and the line back in service in one day. And, with the cooperation of all members, limited service was maintained to all but a very few members throughout the day.

The chairman concluded his remarks by thanking all those in attendance for coming out and making the meeting possible, pointing out that we barely had a quorum.

The Secretary then presented the financial report. It was accepted upon a motion by Ray Hamilton, a second by George Gault. The motion carried without opposing vote.

Old business was called for; none was presented.

New business was called for, and none was presented.

The Secretary then presented the budget, and discussion followed. There was some discussion of purchase of additional water for the system. It was brought out that the Association uses about 1/6 the amount of water as the Town of Cedaredge, with about 1/2 the members. Members wanted to know the best source of water, and the concensus was that Grand Mesa-Surface Creek drainage is best.

Chairman Phillips entertained a motion to adopt the budget. George Gault moved that the budget be adopted as presented. Weldon Roberts seconded the motion. The motion carried without opposing vote.

Next order of business was election of board members for those directors whose terms were expiring, namely: Fred Burritt, Redlands Mesa; Floyd McPherson, Cedar Mesa; R.E. Phillips, member-at-large; and R.P. Sheppard, Upper Surface Creek area.

Chairman Phillips stated that nominations were in order.

George Gault moved that nominations be closed, and that these officers be declared elected by acclamation. Second by Don Parmenter. The motion carried with no opposing votes and the above-named directors were declared elected by acclamation.

There being no further business, the meeting adjourned at 8:30 p.m., followed by informal discussion with free refreshments again provided by Netha Macfarlane.

Secretary-Treasurer

Upper Surface Creek Domestic Water Users Association

Post Office Box 447

Cedaredge, Colorado 81413

December 13, 1983

We, the undersigned members of the Credentials Committee, at the Annual Stockholders Meeting of Dec. 13, 1983, find the following members present at said meeting:

Present in person: 25

Present by proxy: 118

TOTAL present: 143

The number required by the by-laws is one-third of the membership. The membership at the close of the fiscal year on Nov. 30, 1983, being 402, we find 134 are necessary for a quorum.

We find the above total membership present X (does) (does not) constitute a quorum.

John R. Burns
Chairman

Anna C. Maddin

Dan Hawkins

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSN.
ANNUAL MEETING DECEMBER 12, 1983
ATTENDANCE RECORD

----- 25 PRESENT IN PERSON-----

CROCKER, RICHARD M.	HAWKINS, JOHN W.	NASH, MELVIN
EVANS, ROBERT R.	KIMBLE, J. VERNON	NICODEMUS, ROBERT
FARRELL, LAWRENCE C.	KLINE, HERMAN A.	PARMENTER, DON L.
FICK, DONALD	KRAMER, WALTER A.	PHILLIPS, ROBERT E.
FRITCHMAN, ELLIS	MACFARLANE, MRS. NETHA	ROBERTS, WELDON H.
GAULT, GEORGE H.	MANN, ROBERT R. JR.	SHEPPARD, ROLLAND P.
HAMILTON, RAY L.	MAUDLIN, MRS. ANNA	WRIGHT, LYNN
HANNA, ARCHIE H.	MCPHERSON, FLOYD	
HAWKINS, DAN A.	MYERS, DAYTON A.	

----- 118 REPRESENTED BY PROXY-----

ALLEN, RALPH D.	HAWKINS, SHIRLEY	PETERSON, BUCKLEY R.
ANGEL, EDITH ESTATE	HEATH, ALBERT J.	PETERSON, NANCY S.
ARMITAGE, JOHN D.	HEPTING, DENNIS T.	POLLOCK, JAMES W.
BARBER, JOHN G.	HOLDER, E. WARD	FURNELL, ERNEST A.
BARTON, WILFORD J.	HOLUB, HARRY W.	REDLANDS COMMUNITY
BAXTER, ALVAH E.	HOOD, ARNOLD	REYNOLDS, MRS. BERTHA V.
BERRY, RONNIE	JAMES, DORSEY & LETTA	RODRIGUEZ, AURELIO
BEVER, CLAUDE	JOHNSON, HENRY B.	ROGERS, DONALD
BLACK, OLIVE GRISSOM	JONES, THOMAS F.	ROHDE, H.W.
BLAKE, MAURICE	KAILEY, RAMON W.	RUPP, MORRISON E.
BRUTON, MRS. BERNICE	KASINGER, JOY ELAINE	SAMMONS, STAN E.
BURGESS, HERSCHEL G. JR.	LAMBERTSON, KARL	SHELL, WILLIAM C.
BURNETT, JAMES E.	LEHR, RUBEN	SCHMITTOW, JAMES E.
BURRITT, FRED M.	LIPPARD, EDWARD L.	SEARLE, DAVID E.
BURRITT, JOHN L.	LOUCKS, GERALD G.	SEEVER, JACK D.
CARLSON, HARLEY P.	LOUCKS, PHYLLIS M.	SMITH, ROBERT E.
CASSENS, ANDREW R.	MAFFEY, ROBERT F.	STEMPLE, O. DAVID
CASSIN, BYRON B.	MAINE, RUSSELL M.	STEWART, JAMES H.
CHURCH OF GOD, FIRST	MANZ BROTHERS	TAYLOR, GERALD M.
COZZETTO, FRANK A.	MCGOWAN, GEORGE	TEEGARDEN, DORSE M.
DICKERSON, JOHN E.	MCHUGH, JOHN L.	THARF, JAMES R.
DILLON, LARRY G. MD	MCLAUGHLIN, HELEN	TIEGS, KENNETH R.
DRYDEN, HAROLD L.	MCMULLEN, WILLIAM K.	TURGEON, GHISLAIN Y.
FARLEY, MRS. ANNABELLE	MCAIR, ROBERT C.	UNITED BANK OF DELTA
FEHR, FREDERIC HENRY	MCPHERSON, WAYNE	VARNER, BILLY G.
FORD, NEIL S.	MICHELS, HARRY D.	VAUGHAN, HARRY B. III
FRANCIS, WELTON D.	MOHAN, ROBERT E.	WARE, ARCHIE A.
FREY, ROBERT C.	MORROW, NORMAN	WATSON, GEORGE D.
GAGNON, ROGER L.	MORTON, DONALD E.	WIDNER, LLOYD ESTATE
GETZLER, YORAM	MOWRY, MRS. BEULAH	WIDNER, MRS. NELDA
GILMAN, CHARLES H.	MUCK, GLENN ESTATE	WIDNER, ROBERT B.
GIRARDI, VICTOR J. JR.	NASH, IRVIN D.	WIGGER, DARRELL PAUL
GLENNEY, JULIUS G.	NESMITH, C. HOMER	WILCOX, LEROY L.
GORE, JACK	NEWTON, GEORGE O.	WILKINSON, J.C.
GORROD, MACK A.	NICHOLS, DON	WINES, JOHN L.
HALE, JAMES E.	OLSON, OSCAR W.	WOOD, HARRY S.
HALL & SANDERS	PALMER & CO.	WOOD, MICHAEL
HANSON, ARLO CHARLES	PATTERSON, DONI	WORLEY, ELIZABETH R.
HANSON, INGVAL	PAYNE, NORMAN R.	
HARDING, MRS. VIRGINIA	PETERSEN, DONALD H.	

TOTAL REPRESENTED AT THIS MEETING: 143

MINUTES OF THE ANNUAL STOCKHOLDERS MEETING OF THE UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, IN THE COMMUNITY CENTER AT CEDAREGE, COLORADO, DECEMBER 11, 1984

The meeting was called to order by Association President, Robert E. Phillips.

Secretary John Hawkins read the call of the meeting.

The Credentials Committee reported 28 members present in person; 122 present by proxy, for a total of 150 present. One-third of the total membership of 419, or 139 being necessary to make a quorum, a quorum was declared. The Credentials Committee report is attached to these minutes.

The Secretary read the minutes of last year's annual meeting. There being no additions or corrections, the minutes were approved as read.

The President gave his annual report to the stockholders, noting the difference in this year as to weather and growth. The Association sold only 5 new memberships this year; this slow-up was attributed to the continued economic slump in the local building industry. Inquiries result in a projection of an upturn in membership in 1985.

Phillips reported there was a good supply of water the past year. Over-use during the hot months generated more revenue than was anticipated. The heavy use pointed out some weak points in our delivery system. He reviewed that in 1971-72 we built a 4-inch line from our 6-inch line on Upper Surface Creek near the LDS Church camp over the crest of Upper Cedar Mesa, tying into the old system near the Cedar Mesa storage tank. The intent was eventually to install a storage tank on Upper Cedar Mesa.

The past year, however, saw unusual pulls on the Surface Creek line, starving the Cedar Mesa line. The Board concluded that the best solution was to put in a new 6-inch line from the main storage reservoir to the Upper Cedar Mesa line, to overcome the starving of the Cedar Mesa line by the Surface Creek line. This gives both lines an equal draw from the main tank and was not as expensive as a new tank, and should postpone the need for the new tank for several years. The line was completed in early November, ready for use in the spring, at a cost of a little over \$31,000.00.

Replacement of and converting to a pressure system of the Redlands Mesa line was about completed except for individual users on very long lines, and the plan is to get to them as soon as possible. The cost of this was around \$20,000.00.

There were a couple of small projects costing about \$2,700.00. Some rights-of-way and access improvements to our main tank, including a new bridge across Milk Creek, cost \$4,500.00.

We bought additional water at a cost of \$15,600.00, for a total capital expenditure of \$74,785.00. With the new line improvements and increase in the water supply, we are in good shape to deliver water.

Phillips reported on the possibility that Farmers Home Administration, our financier, may want us to retire our notes and seek other sources of funds. We could be placed in a jeopardized position if forced to seek conventional loans.

He concluded his report by stating that although we had dipped into our reserve account more heavily than usual, we are still far above our requirement of \$15,000.00.

The Secretary presented the financial report.

It was MOVED by Netha Macfarlane that the financial report be accepted.

SECONDED by Bob Doose.

MOTION carried without opposing vote.

There was no unfinished business.

Under new business, Bob Nicodemus asked if the Association could, in cases of extreme hardship, make an exception to its rule that each household had to buy a tap, such as when a mobile home is brought onto a property and the residents of the mobile are in dire straights, and the owner of the tap has no money to buy a second tap. He asked if our by-laws could be changed to help in such hardship cases.

The Secretary read the by-laws governing this matter, and discussion followed. It was the concensus that, although no one wanted to be harsh, the by-laws should remain the same for the following reasons: (1) Farmers Home Administration restrictions on this when we obtained our original loans; (2) sales of memberships are an important and needed source of revenue; (3) it would open up the Association to unregulated additions due to the difficulty of determining who is a hardship case, or who is simply adding a rental unit. The matter rested there due to lack of a motion otherwise.

Lynn Wright asked if the by-laws allow for an adjustment in water bills due to a leak in the member's lead-in line. It was explained that adjustments are possible by Board action.

The Secretary presented the budget for the coming year, and discussion followed.

It was MOVED by Dayton Myers that the budget be adopted as presented.

SECONDED by Lynn Wright.

MOTION CARRIED without opposition.

Nominations were opened for election of directors for 2-year terms. Those whose present terms were expiring were: Herschel G. Burgess, Lower Cedar Mesa; John Hawkins, Redlands Mesa; Herman Kline, Upper Surface Creek.

It was MOVED by Bob Doose that all three of those named directors be re-nominated for another term each.

SECONDED by Netha Macfarlane.

It was MOVED by Robert Evans that this be done by acclamation.

SECONDED by Ken Kemp.

MOTION CARRIED without opposition, and the Secretary was instructed to cast a unanimous ballot declaring Herschel G. Burgess, John Hawkins, and Herman Kline elected as directors, each to serve 2-year terms.

The president asked for questions or discussion of any other matters. Lynn Wright asked if Cedaredge's new filtration plant will cause our rates to go up. Phillips responded that this is not known at the present time.

Phillips announced that Netha Macfarlane was serving free refreshments, and the meeting adjourned, followed by a period of informal discussion.

Respectfully submitted,

John Hawkins, Secretary

MINUTES OF THE ANNUAL STOCKHOLDERS MEETING OF UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION, COMMUNITY CENTER, CEDAREDGE, COLORADO,
DECEMBER 10, 1985.

The meeting was called to order by President Robert E. Phillips
at 7:30 p.m.

The secretary read the call of the meeting.

The Credentials Committee reported 24 members present in person,
128 present by proxy, for a total of 152. There being 428 members,
and one-third being necessary for a quorum, a quorum was declared
and the meeting proceeded.

Minutes of the previous year's meeting were read and approved
as read.

President Phillips presented his annual report to the stockholders.
He stated that the growth of the system was not quite as much as was
projected for the year; that we sold 8 new memberships and had projected
we would sell 10 new memberships. This was still good growth for the
Association considering the current economic situation in the area.

He stated that the line re-placement program on Redlands Mesa was
virtually complete. This has been a complete replacement of the
original lines and drole system that was installed in 1961, plus ex-
tending the system into areas not included in the original installation.
He noted that this had been a 6 or 7 year project, and had been
accomplished on a pay-as-you-go basis without borrowing any money.

He noted that the greatest problem of the year had been the
assessment of property taxes on rural domestic water companies. This
company had been assessed in excess of \$30,000.00 in taxes for 1984,
payable in 1985. The State Legislature passed legislation in 1984
making rural domestic companies exempt from property tax by proper
application to the State Tax Administrator effective January 1, 1985.
This Association, together with all of the other affected rural
domestic water companies in Delta County, petitioned for abatement
of the 1984 tax. The Delta County Assessor denied the abatement
request. The County Commissioners in turn approved the abatement
request. The petition then went to the State Property Tax Adminis-
trator, who denied the request. The affected water companies then
filed an appeal to the State Board of Assessment Appeals. We have
not yet received a response from that appeal.

Phillips stated that we had been able to increase our reserve
account by \$17,000.00, after a heavy draw-down on it last year.
He discussed future projects that the Board had in mind, particularly
a new line from Cedar Mesa into Dry Creek.

The annual financial report was distributed, read and discussed.
Mr. Earl Baxter asked if our interest rate on our reserve account was
a fixed rate. The answer was no, that it is flexible. There were
questions about the water treatment and the rate of payment to the
Town of Cedaredge for that treatment.

It was MOVED by Netha Macfarlane,
SECONDED by Earl Baxter,
That the Financial Report be accepted and placed on file.

MOTION CARRIED unanimously.

President Phillips called for unfinished business.

Erma Paulson of Redlands Mesa, introducing herself as a County employee working for the County Treasurer and County Assessor, and as an appointed member of the County Planning Commission, asking for further information on the property tax situation.

She was critical of this company's handling of the matter in that, according to her information, we had not acted properly or in a timely manner thus costing the Association a great deal more money and a great deal more frustration than necessary.

It was pointed out to Mrs. Paulson that this Association acted in almost an identical fashion as any of the other rural domestic water companies, and that nothing that we could have done would have prevented the 1984 assessment being levied. It was pointed out to her that it was this Association that played the lead role in organizing the other water companies into applying for abatement for the 1984 tax and into seeing that they made proper application for future exemption from property tax. She agreed that she apparently had not been fully informed of all the procedures that were required and that were taken.

Mrs. Paulson also asked what the capacity is for new memberships in the Association and was critical of the policy of allowing new memberships without her being advised of the ability of the company to service those new members without affecting service to existing members. She was informed by both Phillips and Hawkins that the ultimate capacity of the system is unknown; that the Company has grown from about 100 initial taps in 1960 to nearly 500 to date, and that the Company has continued to up-grade the system and to provide additional water to accommodate that growth, and plans to continue to do so. She was told that the Association now owns 25 c.f.s. of stored water, all of which is in excess of our current normal use.

Mr. Ed Scott, a new member on the system, asked what engineering practices had been applied to the system. It was explained that all of the original and subsequent construction that had been done with FmHA funds had been done under the plans and specifications and supervision of professional engineers as required by FmHA.

Earl Baxter asked about the rate of delivery of water and the practice of billing and charging for multiple taps.

The proposed budget for 1986 was presented.

Lorraine Baxter asked if the monthly water bill would not go up to \$18.00 because of the tax situation. It was explained that it would not if the exemption that has been applied for is granted. After

... of the tax situation. It was explained that if money
[certainly] Baker asked if the monthly meter bill would not be to
The proposed budget for 1986 was presented.

practice of billing and charging for multiple tabs.

Baker asked about the rate of delivery of meter and the

division of professional engineers as required by RMA.

RMA funds had been done under the plans and specifications and subject
of the original and subsequent contracts that had been done with
practices had been applied to the system. It was explained that
Mr. B. Scott, a new member on the system, asked what engineering

meter, all of which is in excess of one current normal use.

He was told that the association now owns 52 C.C.'s of water
equivalent meter to accommodate that amount and plans to continue to
the company was continued to re-align the system and to provide
from about 100 initial tabs in 1980 to nearly 200 to date and that
estimate capacity of the system is unknown; that the company has about
members. He was informed by both parties and thinking that the
to service those new members without affecting service to existing
memberships without net being advised of the arrival of the company
in the association and was critical of the policy of admitting new
Mr. Hanson also asked what the capacity is for new memberships

informed of all the procedures that were required and that were taken
from property tax. He advised that the association had not been in
and into getting that they were doing something for public exemption
the other meter companies into applying for exemption for the 1987 tax
that it was this association that budget the year long in organizing
during the 1987 assessment period. It was pointed out to net
companies and that nothing that we could have done would have been
almost an identical situation as any of the other utility domestic meter.

It was pointed out to Mr. Hanson that this association acted in

clear that more information than necessary.

He said that during the association a clear that more money and a
according to net information, he had not acted properly or in a timely

He was critical of this company's handling of the matter in that

further information on the property tax situation.

an appointed member of the county planning commission, asking for
employee working for the county treasurer and county assessor, and

Mr. Hanson of regarding mess, introducing message as a county

President Smith called for adjourned business.

MOBILITY CHAIRMAN ANNOUNCED

discussion of a number of line items in the proposed budget, it was

MOVED by Bob Evans,
SECONDED by Earl Baxter,

That the proposed budget be approved. The MOTION CARRIED without opposing vote.

Phillips announced that election of officers was in order. Those whose terms expire are: Floyd McPherson, Cedar Mesa; R. P. Sheppard, Upper Surface Creek; Fred Burritt, Redlands Mesa; and Bob Phillips, member-at-large, and that nominations were in order for those positions.

Vern Kimble moved that the four be re-elected.

Walter Lugard nominated Bob Evans. Mr. Evans declined the nomination.

Lynn Wright MOVED that the four existing board members be retained and that the Secretary be instructed to cast a unanimous ballot for them.

SECOND by Vern Kimble. MOTION CARRIED without opposing vote, and Mr. Phillips, Mr. Burritt, Mr. McPherson, and Mr. Sheppard were declared re-elected to fill 2-year terms.

Mr. Phillips asked for further business or comments. Earl Baxter commented that water service is really superb with all the up-grading of the line.

Netha Macfarlane called for a show of appreciation for the fine job done by the Board, the office staff, and the maintenance staff.

There being no further business, the meeting adjourned at 9:30 p.m. Refreshments were served by Mrs. Macfarlane, with informal discussion among members.

Secretary-Treasurer

Secretary-Treasurer

discussion among members.

P.M. refreshments were served by Mrs. Macfarlane, with informal

job done by the Board, the office staff, and the maintenance staff.
Netha Macfarlane called for a show of appreciation for the fine
of the line.

Mr. Phillips asked for further business or comments. Earl Saxler
declared re-elected to fill 3-year terms.

SECOND BY Vern Kimble. MOTION CARRIED without opposing votes, and
to cast a unanimous ballot for them.

Lynn Wright MOVED that the four existing board members be
nomination.

Walter Inyard nominated Bob Evans. Mr. Evans declined the
Vern Kimble moved that the four be re-elected.

positions.
member-at-large, and that nominations were in order for those
Upper Surface Creek; Fred Purditt, Hedlands West; and Bob Phillips,
whose terms expire are: Lloyd McPherson, Cedar West; R. P. Sheppard,
Phillips announced that election of officers was in order. Those

opposing vote.

That the proposed budget be approved. the MOTION CARRIED without

SECONDED BY Earl Saxler,
MOVED BY Bob Evans.

discussion of a number of line items in the proposed budget. It was

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF ANNUAL STOCKHOLDERS MEETING, DECEMBER 9, 1986

The meeting was called to order by Association President, Robert E. Phillips, at 7:30 p.m., in the Community Center, Cedaredge.

Call of the meeting was read by Secretary John Hawkins.

The Credentials Committee reported 29 present in person, 128 by proxy, for a total of 157. 145 being necessary for a quorum, a quorum was declared. The Committee's report is attached to these minutes.

Minutes of last year's meeting were read, and approved as read.

Phillips presented his annual report to the members. He welcomed all present, noting and welcoming the new faces. He commented on the 35 stock transfers during the year.

In review, he stated that this year had been different from normal, pertaining to income and expenses. We anticipated selling 8 new memberships, but sold only 5, reducing expected income from that source by \$7,500.00. There was an increase in revenue from water use, interest, and miscellaneous items, leaving a net income of about \$2,000.00 under that anticipated. There was a reduction in operating expenses of about \$12,000.00 under what was budgeted, giving us about \$10,000.00 more usable revenue than anticipated. Use of available money, however, was not in accordance with last year's budget. We proposed spending \$25,000.00 for capital improvements to the distribution system. But, as the year progressed, two matters had to be addressed:

Number One, Phillips stated, was a carry-over from last year, it being the tax situation. Until that was resolved, we kept money in reserve to pay whatever it might cost. Number Two was that the Town of Cedaredge has constructed a new treatment plant, of which we are to have a one-fifth ownership share. This meant a new agreement with the Town had to be drawn up for our water treatment. Also, the Town and this Board are considering an extension of the common line gathering system into Leon Creek, perhaps next year. So the Board withheld capital expenditures this year in order to have enough money in reserve to meet these requirements. With the absence of capital improvements and absence of any major operational problems this year, we have been in sort of a holding pattern. Thus, we did not do the planned Redlands Mesa to Cedar Mesa improvement.

The tax situation is still only partially resolved, Phillips said. Only after resorting to political pressure did we get our tax exemption certificate from the State Tax Administrator in October of this year, with an effective date of January 1, 1985. This left our 1984 tax still unresolved. He outlined the full sequence of events as follows:

Of 35 rural domestic water companies in the County, only this one and 7 others are being taxed. We petitioned the County Assessor for an

abatement of the 1984 tax. She denied the petition. We appealed to the County Commissioners, acting as Board of Equalization; they overturned the Assessor's decision. Our petition then went to the State Tax Administrator, who upheld the County Assessor's decision and overturned the County Commissioner's decision. We then appealed to the State Board of Assessment Appeals and had a hearing before them on May 20, 1986. That Board upheld the State Tax Administrator's decision. We appealed their decision to the District Court, Seventh Judicial District. After a hearing, the Court took it under advisement, where it rested at the time of this meeting. It was expected that whatever the District Court's decision, the losing party would appeal. All these actions involve the 8 water companies being taxed in the County.

Phillips stated that we are currently negotiating with the Town on a new water treatment plant. He commented that, as to the Association's growth, we have at present 436 members, holding 487 shares of stock. And, in closing, Phillips complimented the group on the good turnout for the meeting.

The financial report was presented and discussed. Stan Adams inquired about the planned fixed asset additions. Phillips explained that these were not done due to the uncertainty of cost of the tax situation, cost of treatment plant, and expansion of gathering lines.

There were questions and discussion on the dates, amounts, and payments of our original FmHA loans.

Weldon Roberts MOVED that the financial report be adopted.
SECOND by H.B. ("Pete") Johnson.
MOTION CARRIED without opposing vote.

No unfinished business was presented, although it was noted that the tax situation is in that category.

New business was called for. None was presented.

The budget for 1987 was presented and discussed. The large amount of \$60,000.00 from the Reserve Account was explained. \$50,000.00 of that is up-front money for our share of the water treatment plant. Our total share is approximately \$100,000.00; this planned large payment now, will reduce our annual payments. The other \$10,000.00 is for our share of the expansion of the gathering system.

Netha Macfarlane MOVED that the budget be accepted.
SECOND by Weldon Roberts.
MOTION CARRIED without opposing vote.

Election of directors was the next order of business. Two-year terms expire for Herman Kline, Upper Surface Creek area; Bud Burgess, Lower Cedar Mesa; John Hawkins, Redlands Mesa.

Wayne McPherson MOVED that the Board members stay as they are.
SECOND by Vern Kimble.

Before this motion was voted on,

Floyd McPherson MOVED that nominations cease and that a unanimous ballot be cast and those board members be declared re-elected for two-year terms by acclamation.

SECOND by Tom Nichols.

MOTION CARRIED unanimously, and Kline, Burgess and Hawkins were declared re-elected to the board for two year terms each.

Phillips asked for any final questions, comments or discussion, and a discussion followed of the water treatment plant and the proposed agreement on it with the Town.

Warren Derby asked why the Association's taps are metered and the Town's are not. Phillips replied that the Association owns one-fifth of the collection system; one-fifth of the common line; and will own one-fifth of the treatment plant. We own $\frac{1}{2}$ foot of No. 1 natural flow, and 25 c.f.s. of reservoir water to supplement that, if needed. The operation of the two systems -- ours and the Town's -- are entirely separate in every way after the two lines separate. We have to base our operating cost of the water treatment on a gallons used basis, making meters necessary.

Mr. Derby asked if the plant operators are certified. Hawkins said the Town handles that, and he believes their operators are Class "B" certified.

Hawkins further explained the planned agreement: The plant's cost is half a million dollars. Our \$100,000.00, as stated previously, equals one-fifth of that cost; that the Board chose to be part owner. Some of the advantages of part ownership are that the Association will be helping pay for it anyway; that the old agreement had a provision where either party could terminate it on a year's notice, so part ownership gives us security.

Jess Marshall commented that ownership also gives us a voice in what happens to the plant.

Everett Ford asked if the Association had looked into the cost of building our own treatment plant. Phillips stated that this had been studied, and its cost is far in excess of what we can afford on our current size and rate of growth. Hawkins explained that we now operate on a part-time basis -- we could not afford an operator of a plant on our budget.

Stan Adams asked what the ratio is of rural-to-Town users, and of the difference in operating costs. Phillips said the Town

has about twice as many users. Hawkins explained that our users are scattered over a 70-mile system, whereas the Town's are all clustered together, making it much cheaper for them on a per-user basis.

Byron Crader commented that the non-metered water in Denver created many problems. He stated he thinks this Association has a marvelous system.

Bill Kissner asked about the size of the Town's grant for the plant. Hawkins said that the grant is approximately \$90,000.00, and the grant will not be figured in the cost of the plant for the purpose of determining our share. The same is true on the remaining portion of the original treatment plant.

After further discussion, Phillips said he would entertain a motion from the membership regarding giving some direction to the Board on the proposed water treatment agreement.

Weldon Roberts **MOVED** that the Board proceed with the proposed agreement with the Town of Cedaredge for an approximate cost of \$100,000.00 to gain the Association one-fifth ownership of the treatment plant.

SECOND by Pete Johnson.
MOTION CARRIED without opposing vote.

In calling for adjournment, Phillips asked that proxies be turned in to the Credentials Committee. The meeting adjourned at 9:15 p.m., followed by serving of free refreshments by Netha Macfarlane, and a half hour of informal discussion among the members.

John Hawkins Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

REPORT OF CREDENTIALS COMMITTEE, ANNUAL STOCKHOLDERS MEETING
DECEMBER 9, 1986

Mr. President:

We the credentials committee find the following record of attendance at this 1986 annual meeting:

Total membership: 437

Number required for quorum: 145 (one-third of membership)

Number who must attend in person: 24

Number in attendance: 29

Number of proxies received: 128

Total number represented: 157

Based upon the above figures, we recommend that a quorum

Is ✓
Is Not _____
declared.

Don A. Hawkins
(Chairperson)

Felen R. Hawkins

Carl J. Kinderpaucht

MINUTES OF UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION'S ANNUAL STOCKHOLDERS MEETING HELD DECEMBER 8, 1987, AT THE CEDAREDGE COMMUNITY CENTER

Association president Robert E. Phillips called the meeting to order at 7:30 p.m.

Secretary-Treasurer John Hawkins read the call of the meeting.

Carol Kinderknecht, Chairwoman of the Credentials Committee, reported 31 members present in person and 129 by proxy for a total of 160, for a quorum. Minimum attendance required for a quorum was 148, of which 24 must be present in person.

Minutes of the 1986 annual meeting were read and approved as read.

Phillips presented the president's report to the members. He stated that water supply was good. There were no major catastrophes, mainly smaller maintenance problems usually experienced. The month of July was hot and we saw the greatest use of water in the history of the system. We were bumping our limit in the pipeline in July, and must keep an eye on this.

Growth and expansion of the system continued. We gained six new members, increasing our revenue from that source by \$2,500 over anticipated. Revenue from water use was up about \$4,000 over last year. Together with other operating income sources, this brought our total operating income up to approximately \$4,500 over last year, \$8,000 over what we anticipated. New members contributed \$3,000 to capital improvements this year.

We had budgeted \$60,000 to fixed asset additions. As the year ended, we had spent \$32,900 for these additions, which were accounted for by six projects, correcting some bad situations. These projects were: (1) a 2,800-foot replacement along N Road on Redlands Mesa, which was the last of the old, original Redlands line to be replaced.

(2) A 2,000-foot replacement of line on T-50 Road. This was necessary due to County Road improvements that would have placed our line under a newly surfaced road. The existing line was undersized and in need of eventually being upgraded; it is now brought up to standard.

(3) A 1,500-foot extension along 2640 Road on Redlands; part of this line was paid for by a new member's payment to capital improvement.

(4) A 2,000-foot extension along S-25 Road. Part of the cost of this was also paid by new member's payment for capital improvement and opens up possibility for 4 or 5 new taps in that area.

(5) 1,800-foot replacement of a worn-out line on Wilbanks Mesa.

(6) The State Highway Department is building a new barn up near our U-50 Road line above Aspen Trails and wanted to hook onto this

system. That line was extended under the Highway. The Highway Department did most of the work on this project. Due to slowness in paperwork processing by the State, this tap has to be counted as a new membership for 1988.

All six of these projects were paid for without using any money from the Reserve Account. Some of them improve the grid system we are always working towards; they all add to the improved service of the system.

Capital Expenditures during 1987 were considerably different from what we proposed and budgeted and discussed at the annual meeting last year. The previous year we anticipated entering into a purchase and operating agreement with the Town of Cedaredge for a treatment plant, and that we would make an up-front payment on the plant of \$50,000. The remainder of \$10,000 budgeted was not necessarily designated to any specific project. The extension of the gathering system on Leon Creek was not done this year. The Town had main-line troubles and could not work at the extension.

In mid-summer we received word that the federal government was giving us an opportunity to purchase our loans from them at a discounted rate. The first reading on that proposal indicated that it would be beneficial to the Association to accept the proposal and we paid the required "Good Faith" payment of \$6,500. Final settlement on that would have required the removal of all of our reserve account, so the agreement with the Town was amended to eliminate the up-front payment and to make equal annual payments plus interest for 25 years. However, upon review of the final offer from FmHA on our loan buy-back, the Board decided this was not to the best interest of the Association. Consequently, the Reserve Account remains intact with this year's interest added and the "Good Faith" payment made to FmHA has been applied on our final installments. This matter is still pending, as a bill before the Senate would allow us to purchase our loans at same rate offered to the big discount houses as low as 50% to 65%. If it gets that low we will probably take advantage of it.

The Purchase and Operating Agreement with the Town has been completed and signed.

The ongoing property tax problem still requires us to keep a goodly amount of money in reserve, and is still ongoing. At the last Annual meeting I believe we reported the State Board of Assessment Appeals had upheld the State Tax Administrator's decision. We appealed that Board's decision in the Seventh Judicial District Court. The District Court ruled in our favor. The State Department of Taxation appealed that decision to the State Court of Appeals. We made an offer to pay our own attorney's fees if the State would drop the appeal, which they declined to do. At this time it is still in the hands of the State Court of Appeals.

This concluded the President's Report.

Next order of business was presentation of the financial report by the secretary-treasurer. Stan Adams asked what member's payment to capital improvement is. Hawkins explained that when someone wants an extension of line beyond our existing line, the member pays for a line using pipe size necessary for his individual need. The Association pays for over-sizing the pipe in order to make that new line available to serve future members, and may provide a portion of other costs also. The ownership of that part of the line is assumed by the Association. The member's payment on this line is considered a contribution to capital improvement.

After further discussion, the financial report was accepted on a motion by Bernard McMillan with a second by John Dickerson; motion carried without opposing vote.

No old business was presented.

New business was called for. Phillips stated that we need to discuss guidelines for policy in case we run into a situation such as the past July where a few heavy water users pushed us to our limit. John Dickerson suggested water use on odd numbers one day and even numbers next day. Maurice Dale suggested curbing only the use of the abusers. He asked what we call excessive use.

Hawkins responded that some members approach or go over 100,000 gallons a month. He said that when the system was established 27 years ago the purpose was for household use. It has evolved in some areas into an urban type use of water. In the Town, this can be done because of the difference in concentration of users in a two-square mile area, whereas this company is spread out over 30-square miles or more. To serve this with a big enough line for over-all heavy use is cost-prohibitive. We either need to curb the heavy use some way or else the company will have to build bigger lines and the stockholders will have to pay for it.

Mr. Dale said he favored curbing use.

Phillips stated that the Town is now facing some of these same problems.

Mr. Dale asked for a definition of what constitutes normal use for the Association.

Phillips replied that normal is .25 cfs (second feet) per month for the Association. In July we went as high as .60 cfs and did exceed our permitted use of the line.

Bernard McMillan asked if we wouldn't be facing this anyway if we keep adding taps.

Phillips said that our by-laws provide for taking on members as long as we can serve those we have. He added that the Town has been exploring means of correcting the main-line problems next summer.

Gene Dove asked who establishes the rate schedule.

Phillips replied that the Board does so, but always goes to the members first.

Kelly Peterson asked if there is any problem collecting from the high users.

Hawkins said no, with a few exceptions.

Bob Doose suggested the problem should be controlled by a high rate for such high use.

There was general discussion of usage and rates.

Stan Adams suggested that rates should become steeper rather than requiring individual mediation with heavy users.

Don Parmenter suggested that for use over 20,000 gallons, rates be tripled.

Phillips thanked the members for their input and stated that this gives the Board good guidelines on the matter.

The budget for 1988 was presented by the secretary-treasurer.

There was general discussion and some questions from members regarding expenditures on the common line. Phillips explained that our original agreement gives the Town management of the common line. We are consulted when expenditures reach certain amounts.

{ The budget was adopted on a motion by Dayton Myers and a second by Bob Doose.

Election of officers was the next order of business. Two-year terms were expiring for Robert E. Phillips, member-at-large; Fred Burritt, Redlands Mesa; Floyd McPherson, Cedar Mesa; R.P. Sheppard, Upper Surface Creek.

Don Parmenter moved that we keep the four named on the Board for another term.

Bob Doose moved that nominations be closed and the secretary be instructed to cast a unanimous ballot. Seconds by Henry Jend and T. J. Franks.

{ The motion carried without opposing vote and the Secretary declared Phillips, Burritt, McPherson, and Sheppard elected to serve another term.

After a period of general discussion, and there being no further business, the meeting adjourned, followed by free refreshments from Netha Macfarlane, and a period of informal discussion.

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION

ANNUAL MEETING
December 8, 1987

We the credentials committee find the attendance at this meeting to be as follows:

Members present: 31
Proxies: 129

Total Association membership is 445. Minimum attendance required for a quorum is 148, of which 24 must be present in person.

We find that there (is) (is not) a quorum.

Carol Kinderknecht
Carol Kinderknecht (Chairman)

Helen Hawkins
Helen Hawkins

Sharla Boom
Sharla Boom

198^A ANNUAL MEETING -- ROSTER OF MEMBERS PRESENT

1. ADAMS, STANHOPE
2. ARONA, PHILLIP R.
3. BADDING, EDWARD H.
4. BELL, THOMAS E.
5. BERGSTROM, RICHARD C.
6. BOOM, SHARLA L.
7. CAMERON, DAVID F.
8. CERNUSAK & WOMACK
9. DICKERSON, JOHN E.
10. DOOSE, ROBERT
11. DOVE, EUGENE W.
12. ENGSTROM, ELAINE B.
13. FICK, DONALD
14. GASSMAN, EDGAR W.
15. GRANTHAM, J. B.
16. HALE, JAMES E.
17. HANNA, ARCHIE H.
18. HAWKINS, DAN A.
19. HAWKINS, JOHN W.
20. JEND, HENRY W.G.
21. KIMBLE, J. VERNON
22. KINDERKNECHT, CAROL F.
23. KLINE, HERMAN A.
24. MACFARLANE, MRS. NETHA
25. MAINE, RUSSELL M.
26. MAUDLIN, MRS. ANNA
27. MCMILLAN, BERNARD
28. MCPHERSON, FLOYD
29. MYERS, DAYTON A.
30. NEVAREZ, MAX A.
31. PARMENTER, DON L.
32. PHILLIPS, ROBERT E.
33. SHEPPARD, ROLLAND P.

1985 ANNUAL MEETING -- LIST OF PROXIES

1. AMOS, MRS. LEOTA
2. ARMITAGE, JOHN D.
3. BARBER, JOHN G.
4. BARNES, CHARLES H.
5. BARTON, WILFORD J.
6. BATES, HAROLD
7. BECKLEY, MORTON H.
8. BEVER, E. L.
9. BIGGINS, WILLIAM H.
10. BINGHAM, DOROTHY
11. BLACK, OLIVE
12. BLAKE, MAURICE
13. BOWER, FRED W.
14. BREITNAUER, JOHN G. JR
15. BROWN, WALTER C.
16. BRUTON, BERNICE
17. BRYAN, WESLEY H.
18. CAMPEN, CHARLES F.
19. CARLSON, HARLEY P.
20. CHINN, DAN J.
21. CHURCH, REORG. LDS
22. COOPER, PAMELA
23. COUEY, EARL R.
24. CRADER, BYRON S.
25. CROCKER, RICHARD M.
26. DALE, MAURICE L. - *was there in person*
27. DANDURAND, EVERETT
28. DAVIES, CHARLES L.
29. DILLON, LARRY G. MD
30. ELLIOTT, ROBERT F.
31. FARLEY, ANNABELLE
32. FARRELL, LAWRENCE C.
33. FEHR, FREDERIC HENRY
34. FINCH, JIMMY D.
35. FITTING, KENNETH
36. FOLEY, ARDENE
37. FORD, NEIL S.
38. FRANCIS, WELTON D.
39. FREY, ROBERT C.
40. GABRIEL, EUGENE E.
41. GLENNEY, JULIUS G.
42. GOODRICH, WILLIAM D.
43. GORE, JACK
44. GORROD, MACK A.
45. GREENBURG, LAURENCE A.
46. GULDEN, EDWARD L.
47. HANSON, ARLO CHARLES
48. HANSON, INGVAL
49. HARDING, ROBERT F.
50. HARFST, KENNETH
51. HAWKINS, SHIRLEY
52. HEAD, DAVID L.
53. HILSEN RANCH
54. HOLDER, JOHN E.
55. HOOD, JESSE

56. HORN, FRED W.
57. HUGINS, RICHARD M.
58. JAMES, DORSEY
59. JOHNEN, LOUIS K.
60. JOHNSON, ALICE A.
61. JOHNSON, CARROLL M.
62. JOHNSON, HENRY B.
63. JONES, GORDON R.
64. JONES, THOMAS F.
65. KAHLE, THEODORE V.
66. KETTLE, ROBERT E.
67. KLASEEN, FREDRICK
68. KLASEEN, FREDRICK J.
69. LAMBERTSON, KARL
70. LEHR, RUBEN
71. LEONARD, DAVID F.
72. LIPPARD, EDWARD L.
73. MAFFEY, ROBERT F.
74. MARSHALL, JESS
75. MCALISTER, IMA ESTATE
76. MCCANN, BENJAMIN
77. MCHUGH, JOHN L. #943
78. MCLAUGHLIN, HELEN
79. MCMURRY, VIRGINIA M.
80. MCNAIR, ROBERT C.
81. MCPHERSON, WAYNE
82. MERRIMAN, LYNDAN M.
83. MEYER, EARL G.
84. MORROW, NORMAN
85. NASH, MELVIN
86. NESMITH, C. HOMER
87. NESMITH, ELAINE L.
88. NEWTON, GEORGE O. #616
89. OLIN, JOHN E.
90. OSBORN, KERMIT I.
91. PALMER & CO.
92. PAULSON, ERMA J.
93. FERKINS, ERNEST H.
94. PETERSEN, DONALD H.
95. PETERSON, NANCY S.
96. PHILLIPS RANCH
97. PINKERTON, JAMES
98. POLLOCK, JAMES W.
99. PURNELL, ERNEST A.
100. QUAIN, JOHN
101. ROSS, GEORGE W.
102. SABOL, EVELYN
103. SCHELL, WILLIAM C.
104. SEXTON, DONALD L.
105. SMITH, HARRY A.
106. STEWART, JAMES H.
107. STRECKER, CATHERINE
108. SULLIVAN, PETER
109. TAYLOR, GERALD M.
110. TELLIER, BACEL J.

- 111. THARP, JAMES R.
- 112. THOMPSON, LEONARD W.
- 113. TIEGS, KENNETH R.
- 114. TOBIN, RAYMOND G.
- 115. TOWNSEND, CARL E.
- 116. VANDEBURG, ELLAMAE
- 117. VAUGHAN, HARRY B. III
- 118. WARE, ARCHIE A.
- 119. WARE, LOUIS I.
- 120. WATSON, EDITH L.
- 121. WIDNER, DANIEL A.
- 122. WIDNER, LLOYD ESTATE
- 123. WILKINSON, J.C.
- 124. WINDHOLZ, GERALD J.
- 125. WOOD, HARRY S.
- 126. YARBER, GENE
- 127. YATES, RODERICK D.

TO: Stockholders and Water Users,
Upper Surface Creek Domestic Water Users Association

FROM: Board of Directors

SUBJECT: New Water Rates - Excess Water Use Summer, 1988

Those of you who attended the annual stockholders' meeting last December will recall considerable discussion regarding excess water use for irrigation and its affect on our distribution system.

The consensus of those members present was that, since this Association was organized for the primary purpose of providing domestic water to the farm homes in the community, those members using excessive amounts of water for irrigation should either curtail the use for that purpose or pay their fair share of the cost of system improvement.

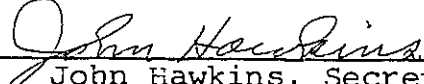
A computerized analysis was prepared for the water used in various quantity categories and the revenue from those categories. From that the Board of Directors has adopted a trial rate schedule for the remainder of this summer season. The results will be analyzed for its effectiveness. For the present, the old rate will be the regular rate, and the new rate will be the summer rate.

The new rates will be reflected in your July 1 billing for water used in the month of June. Below is the new rate per 1,000 gallons for all categories, in gallons, with the old rate for your comparison.

		BASE RATE (Gallons):					
		0 to 7,500	7,501 to 10,000	10,001 to 15,000	15,001 to 30,000	30,001 to 50,000	Over 50,000
Regular Rate:	\$12.00		.70	.50	.25	.50	\$1.00
Summer Rate:	\$12.00		.70	.50	.35	.85	\$1.50

We hope you will all understand and cooperate with us in this effort.

BOARD OF DIRECTORS
Upper Surface Creek Domestic
Water Users Association


John Hawkins, Secretary

MINUTES OF ANNUAL STOCKHOLDERS' MEETING OF UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, DECEMBER 13, 1988, AT COMMUNITY CENTER, CEDAREDDGE, COLORADO

The meeting was called to order at 7:30 p.m. by Association President, Robert E. Phillips.

Secretary John Hawkins read the call of the meeting.

The Credentials Committee, composed of Carol Kinderknecht, Sharla Boom, and Helen Hawkins, gave its report. 35 members were present in person, and 145 present by proxy, for a total of 180. An attendance of 150 being necessary for a quorum, a quorum was declared.

Minutes of the previous year's annual meeting were read and approved as read.

Phillips presented the President's Annual Report to the members. He stated the year was fairly normal as to operation and maintenance. Income was very close to what was projected. Operating expenses were lower than expected, as detailed in the financial report.

Expenditure of available funds was quite different from what was budgeted.

The primary change was the purchase of our FmHA loans. We were able to purchase the loans for 68% of our principal balance. The principal balance at time of purchase was \$118,820.00. Our purchase price was \$81,237.00, a principal reduction of \$37,593.00. If we had paid the loans out to maturity, we would have paid \$143,659.00. So, by purchasing the loans now, we have saved the Association \$62,422.00 over the next 12 years. Fortunately, we had enough funds in the Reserve Account to make the purchase. Our only indebtedness now is the \$93,000.00 to the Town of Cedaredge, this being our share of the cost of the water treatment plant.

The only addition to our system was a new line along 2475 Road, northeast of Cedaredge, for an expenditure of \$7,620.00.

These expenditures nearly exhausted our Reserve Account, but we have been able to build it back to \$23,000.00. So, from a financial point of view, we had a very successful year.

Growth of the Association was as anticipated. We projected six new taps, and got six; normal growth. Although it was a dry season, we had a sufficient supply of water.

After discussion at last year's annual meeting about water use and water rates, the Board initiated a test program for summer rates in an effort to reduce the heavy use for irrigation. Phillips called attention to a chart passed around to the members showing the program appears to have been very successful. The Board has indicated a desire to continue with it.

The property tax situation continues. Last year we reported it was before the Appeals Court. Verbal arguments were heard before that Court on August 2. The session was attended by our attorney and by John Hawkins. No decision has been rendered at this date.

The Town of Cedaredge is investigating the placing of a

hydroelectric plant on the common supply line to provide electricity for the treatment plant and to sell. Phillips said he would poll the group later to see what the feelings are on the matter. There have been discussions about the Association's participation in that project. No final decision has been made. This concluded the President's report.

The financial report was presented by the Secretary. After discussion,

It was moved by Netha Macfarlane,
Seconded by Bob Doose, that the financial report be accepted
and placed on file.

Motion carried without opposition.

Old business was called for. Dan Hawkins explained the water use analysis chart he had prepared, which showed a 25% decrease in use for the four summer months. He said the decrease was probably due largely to cooperation of members, as well as to the rate increase.

Lucille Bowen asked what the water treatment consists of. It was explained that it is filtration and chlorination. She asked if there are any lead pipes in the system, to which the reply was, no.

Under new business, Phillips explained the hydroelectric plant proposal, our participation, and known costs. Our participation would be 20% ownership. There was detailed discussion on this.

It was moved by Netha Macfarlane,
Seconded by Lucille Bowen, that we stay strictly with water,
with no further investigation of the
power plant.
The motion was defeated by a vote of
42 in favor, 120 against.

Phillips stated the Board will pursue the matter further.

The Secretary read the By-Laws regarding requirements for a quorum. He had checked with the Association's attorney, who says State law gives us authority to set our own quorum requirement.

After discussion, it was moved and seconded that the Board present a proposal on this next year. Motion carried without opposition.

The Secretary presented the budget, which was discussed. Phillips commented that we may want to pay the amount due the Town at an accelerated rate over what was originally agreed upon, so there may be a change on that item.

It was moved by Bob Doose,
Seconded by Gene Dove, that the budget be accepted.
Motion carried without opposition.

There were suggestions from some members regarding changing the billing procedure from once a month to less often. Phillips mentioned a few matters to be considered, such as cash flow, bookkeeping procedures, etc., and directed the bookkeeping staff to run a study to see what can be done.

Election of directors was the next order of business, with two-year terms expiring for Herschel Burgess, of lower Cedar Mesa; Herman Kline, of Upper Surface Creek area; and John Hawkins, Redlands Mesa.

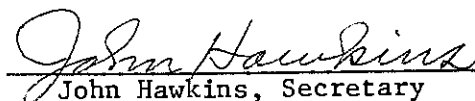
Fred Burritt nominated Burgess, Kline and Hawkins, each to serve another two-year term.

Phillips called for any further nominations. There were none.

It was moved by Don Parmenter,
Seconded by Bob Doose, that nominations cease and the Secretary cast a unanimous ballot for Burgess, Kline, and Hawkins. Motion carried without opposition.

At the President's direction, the Secretary cast a unanimous ballot for the three nominees who were declared elected, each for a two-year term.

The meeting adjourned at 9 p.m., followed by serving of free refreshments by Netha Macfarlane and informal discussion among the members.


John Hawkins, Secretary

During the summer months of 1988, the water rates for the higher usage categories were raised in order to relieve demands on the system. The following table compares the rates for 1987 and 1988, and shows the percentage of total water consumption that occurred in each category.

Category	1987		1988	
	rate	%	rate	%
-7500 gal.	12.00	10.0%	12.00	13.8%
7501-10000 gal.	.70/1000	6.4%	.70/1000	7.3%
10001-15000 gal.	.50/1000	12.4%	.50/1000	12.9%
15001-30000 gal.	.25/1000	29.0%	.35/1000	29.6%
30001-50000 gal.	.50/1000	18.3%	.85/1000	22.1%
over 50000 gal.	1.00/1000	23.6%	1.50/1000	13.9%

Total water used June-October 1987: 36,451,900
Total water used June-October 1988: 27,270,800

The total summer season water use in 1988 was 9 million gallons less than during the same period of 1987, a decrease of 25%.

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION

ANNUAL MEETING DECEMBER 13, 1988

CREDENTIALS COMMITTEE REPORT

Mr. President:

We the undersigned members of the credentials committee find the following attendance record:

Members present: 35

Proxies: 145

Helen R. Hawkins
Helen Hawkins

Sharla Broom
Sharla Broom

Carol Kinderknecht
Carol Kinderknecht

1988 ANNUAL MEETING -- ROSTER OF MEMBERS PRESENT

1. BERGSTROM, RICHARD C.
2. BOOM, SHARLA L.
3. BOWEN, LUCILLE
4. BURGESS, HERSCHEL G. JR.
5. BURKHARDT, JUSTIN K.
6. BURRITT, FRED M. #112
7. BURRITT, FRED M. #273
8. CROOKS, RALPH D.
9. DERBY, WARREN
10. DOOSE, ROBERT
11. DOVE, EUGENE W.
12. FORD, EVERETT V.
13. GASSMAN, EDGAR #1101
14. GRANTHAM, J.B. #1083
15. HANNA, ARCHIE H.
16. HAWKINS, DAN A.
17. HAWKINS, JOHN W.
18. HEATH, ALBERT J.
19. HOOD, ARNOLD
20. JOHNSON, DONALD R.
21. JOHNSON, HENRY B.
22. KINDERKNECHT, CAROL F.
23. KLINE, HERMAN A.
24. MACFARLANE, MRS. NETHA
25. MCPHERSON, WAYNE
26. MIHELICH, JOHN R.
27. NASH, MELVIN
28. FARMENTER, DON L.
29. PHILLIPS RANCH
30. PHILLIPS, ROBERT E.
31. REYNOLDS, BERTHA
32. SHEPPARD, ROLLAND F.
33. SLAUGHTER, JAMES W.
34. TOMPKINS, JAMES H.
35. WETTERICH, GEORGE H.

1988 ANNUAL MEETING -- LIST OF PROXIES

1. ALLEY, RICHARD D.
2. ANDERSON, WILLARD O.
3. ANGEL, EDITH ESTATE
4. ARMITAGE, JOHN D.
5. BAK, FRANK
6. BALM, ELAINE
7. BARBER, JOHN G.
8. BARTON, WILFORD J.
9. BERRY, RONNIE
10. BIGGINS, WILLIAM H.
11. BLACK, OLIVE
12. BLACKMORE, ARCHIE
13. BOWER, FRED W.
14. BREITNAUER, JOHN G. JR
15. BROWN, WALTER C.
16. BRUTON, BERNICE
17. BRYAN, WESLEY H.
18. BURRIS, ANNA L.
19. BURRITT, JOHN L.
20. BURRITT, JOHN R.
21. CAMPEN, CHARLES F.
22. CARLSON, HARLEY P.
23. CHINN, DAN J.
24. CHURCH, REORG. LDS
25. COOPER, PAMELA
26. COUEY, EARL R.
27. COZZETTO, FRANK A.
28. CRADER, BYRON S.
29. CROCKER, RICHARD M.
30. DALE, NONA L.
31. DANDURAND, EVERETT
32. DELTA SAVINGS & LOAN 1112
33. DICKERSON, JOHN E.
34. DILLON, LARRY G. MD
35. EGIDI, PHILIP V.
36. ENGSTROM, ELAINE B.
37. EVANS, ROBERT R.
38. FAIRCHILD, MARK D.
39. FARLEY, ANNABELLE
40. FARRELL, LAWRENCE C.
41. FISCHER, EDWIN #1068
42. FITTING, KENNETH
43. FORD, NEIL S.
44. FREY, ROBERT C.
45. FRITCHMAN, ELLIS
46. GABRIEL, EUGENE E.
47. GILLIS, DONALD D.
48. GILMAN, CHARLES H.
49. GLENNEY, JULIUS G.
50. GORE, JACK
51. GORROD, MACK A.
52. GRAY, ALBERT F.
53. GULDEN, EDWARD L.
54. GUMMIN, JAMES H.
55. HALL, RICHARD

56. HAMILTON, RAY L.
7. HANSON, INGVAL
8. HARDING, ROBERT F.
9. HARFST, KENNETH
10. HAWKINS, SHIRLEY
61. HILSEN RANCH
62. HOLDER, E. WARD
63. HOLDER, JOHN E.
64. HOOD, JESSE
65. HORN, FRED W.
66. HUGINS, RICHARD M.
67. JACOBSON, DARRYL
68. JAMES, DORSEY
69. JOHNEN, LOUIS K.
70. JONES, GORDON R.
71. JONES, THOMAS F.
72. KAHLE, THEODORE V.
73. KENSLER, GARY
74. KLINE, D. W.
75. KOBRIN, SOLOMON
76. KRUEGER, VERYL S.
77. LAMBERTSON, KARL
78. LAMPTON, LEONARD
79. LEHR, RUBEN
80. LOUCKS, GERALD G.
1. LOUCKS, PHYLLIS M.
2. LUDLAM, MELVIN M.
3. MAFFEY, ROBERT F.
84. MARSHALL, WALLACE B.
85. MAUDLIN, MRS. ANNA
86. MCHUGH, JOHN L. #943
87. MCKENNEY, WALLACE A. JR.
88. MCLAUGHLIN, HELEN
89. MCMURRY, VIRGINIA M.
90. MCNAIR, ROBERT C.
91. MCPHERSON, FLOYD
92. MEENS, LAURENCE K.
93. MERRIMAN, LYNDAN M.
94. MOHAN, ROBERT E.
95. MORRIS, SARAH
96. MORROW, NORMAN
97. MORTON, DONALD E.
98. MYERS, DAYTON A.
99. NASH, IRVIN D.
100. NESMITH, C. HOMER
101. NICHOLS, VERNA
102. OLSEN, CHARLES W.
103. OLSON, OSCAR W.
104. OSBORN, KERMIT I.
5. PALMER & CO.
6. PARKER, M.J.
7. PAULSON, ERMA J.
8. PETERSEN, DONALD H.
109. PETERSON, BUCKLEY R.
110. POLLOCK, JAMES W.

11. PURNELL, ERNEST A.
12. QUAIN, JOHN
13. REDLANDS MESA COMMUNITY
14. ROCKY MTN. HIGH RANCH
15. SAMMONS, STAN E.
116. SCHELL, WILLIAM C.
117. SCHINDELAR, ROSE #1057
118. SCHLEMMER, DONALD H.
119. SCHMITTOU, JAMES E.
120. SEARLE, DAVID E.
121. SEXTON, DONALD L.
122. SHANNON, JOHNNIE L.
123. STEMPLE, O. DAVID
124. STONE, WILLIAM W.
125. STRECKER, CATHERINE
126. SWAIM, JANET
127. TAYLOR, ERADA C.
128. TAYLOR, GERALD M.
129. TAYLOR, HELEN F.
130. TEEBARDEN, DORSE M.
131. THARP, JAMES R.
132. TIEGS, KENNETH R.
133. TOBIN, RAYMOND G.
134. VARNER, BILLY G.
135. VAUGHAN, HARRY B. III
136. WARE, ARCHIE A.
137. WARE, LOUIS I.
138. WATSON, EDITH L.
139. WEATHERLY, DELBERT A.
140. WIDNER, DANIEL A.
141. WIDNER, NELDA
142. WOOD, HARRY S.
143. WOOD, MICHAEL
144. WOODS, LORENE
145. YARBER, GENE

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF ANNUAL STOCKHOLDERS' MEETING, DECEMBER 12, 1989
AT THE COMMUNITY CENTER, CEDAREEDGE, COLORADO.

The meeting was called to order at 7:30 p.m. by Association President Robert E. Phillips.

Secretary John Hawkins read the call of the meeting.

The credentials committee reported an attendance of 38 present in person and 122 present by proxy for a total of 160. An attendance of 151 being necessary, a quorum was declared.

Minutes of the previous annual meeting were read and approved as read.

The president's report was presented to the members by Phillips. He reviewed the year, the main problem being the drought, resulting in extremely heavy use beyond the system's ability to deliver. In early July the situation was so acute that in some areas several users were completely without water. The Board took immediate action, limiting use to 20,000 gallons per month per tap, with a charge of \$10 per thousand above that use. For the most part, heavy use discontinued and everyone had water. The Board sees the need for a continuing plan to curb the extremely heavy use so that we can supply as many households as demand calls for.

Otherwise, it was a fairly normal year. Income was down from what was anticipated, largely due to selling two fewer taps than projected. Operating expenses were down slightly, somewhat off-setting the reduced income.

The biggest deviation from the budget was for capital improvements. Major projects planned would have cost about \$35,000. After the 1988 buy-out of the FmHA loan, the reserve account was greatly reduced, and the Board decided to give it a year to recover, in case of emergency. The emergency did arise; it can be eased by some capital improvements to the system, but not in just a few days. Long range planning is needed.

The crisis of the summer gave an opportunity to analyze the system and pin-point problem areas and the bottlenecks causing them. Two areas were identified and improvements budgeted for. A third project is in the gathering system on Grand Mesa. The Town of Cedaredge wants to proceed with a long-planned extension in the Beaver-Marcott Creek area. As a one-fifth partner in the collection system, we will participate in that and have budgeted for it.

Although not listed as capital improvement because of the low amount of cash spent on it, we do have a major operational improvement. Dan Hawkins of our staff designed and developed computerized hardware and software for remote monitoring of tank levels, meter readings, and line pressure. He designed this from a need for better operational control of the system. Six prototype units have been installed for field testing with the only expense to the Association being cost for phone service.

Phillips reported that the property tax situation had gone the full gamut of the legal process, the last hearing being before the Colorado Court of Appeals, who ruled in favor of the Tax Administrator and against the water companies. The Colorado Supreme Court declined to review the matter. We need to discuss this later in the business of the meeting.

Phillips gave background on the proposed salary increases and the reasons, and concluded his report.

The Financial Report was given by the secretary. After discussion it was

MOVED by Paul Angelo,
SECONDED by H. B. Johnson, to accept the financial report
as presented.

MOTION CARRIED.

Old Business was called for. There was a brief discussion on our payments to the town of Cedaredge on the water treatment plant.

New Business: There was lengthy, detailed discussion of water delivery to meet the summer-time demand for irrigation of yards and gardens. Points emphasized were: (1) This is not an irrigation system and notices to that effect have repeatedly been mailed to members over the years. (2) How much money do the members want or can afford to spend to expand the system to meet demands beyond household use and non-irrigation agricultural use.

Phillips appointed a committee to look into the situation, made up of Stan Adams, Louis Bickmore, Gene Dove, and Everett Ford. At the suggestion of Darlene Fritchman, Dan Hawkins was appointed to the committee as one who is completely familiar with the system.

Other New Business: Dan Hawkins explained his remote-monitoring and meter-reading devices, and presented a computer print-out graph showing water flows from the system's three tanks.

The Proposed Budget was presented by Secretary John Hawkins. He noted that no provision had been made to pay the tax bill or to generate revenue to pay it. He also noted that there had been no provision to generate additional revenue for system improvements. He stated that present revenues could not possibly generate enough money for needed capital improvements.

Hawkins also stated that although it appeared we had lost the battle over the tax issue, he believed there was still a route we could take with the County Commissioners where they could give, if not total, at least partial relief from the obligation. He stated he had discussed the matter with the Commissioners and he believed they were 100% on our side and are willing to pursue the matter; and he expects to have additional meetings with them soon.

He stated that a \$3.00 increase in the monthly assessment should generate enough additional revenue to expedite the system improvement program and/or, if needed, for a partial payment on the tax obligation.

After much discussion by the stockholders, it was

MOVED by Paul Angelo,
SECONDED by Joan Phillips, to levy a special assessment of \$3.00
per month for two years and see where
we are at by the end of the two years.

MOTION CARRIED.

After further discussion of the budget, it was

MOVED by Larry Farrell,
SECONDED by Dayton Myers, that the proposed budget be adopted as
amended to include the previous action.

MOTION CARRIED.

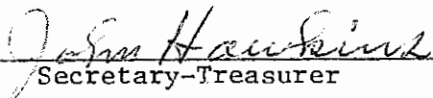
Election of Directors: Those directors whose two-year terms were expiring were: Robert E. Phillips, member-at-large; Fred Burritt, Redlands Mesa; Floyd McPherson, Cedar Mesa; R. P. Sheppard, Upper Surface Creek.

MOVED by Bill Varner,
SECONDED by Vern Kimble, that the existing officers be retained and
be declared elected by acclamation.

The MOTION WAS AMENDED by Ellis Fritchman,
SECONDED by Stan Adams, that the Secretary cast an unanimous ballot for
Phillips, Burritt, McPherson, and Sheppard each
to serve a two-year term.

MOTION CARRIED.

The meeting adjourned at 9:30 p.m. followed by informal discussion and refreshments provided by Netha Macfarlane.


Secretary-Treasurer

PROPOSED AMENDMENTS TO BY-LAWS
OF
UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION

Proposal No. 1: ^{Adopted} The addition of Section 5 to Article VIII of the By-laws regarding membership certificates to read as follows:

Section 5. Location of Service Connection: At the time the membership certificate is issued, the tract of land to be served shall be identified by the applicant. The service connection for that membership certificate may not be used upon any other tract of land than that so identified. Membership certificates, including those outstanding at the time of adoption of this Section 5, may be transferred only with the transfer of the tract of land for which the certificate was issued, except in the case of severe ^{destitid} hardship to the member, as determined in the sole discretion of the Board of Directors. MEMBERS PRESENT: 26 AYE - 18 NO; PROXY SHOW OF HANDS: 52 AYE 28 NO

Proposal No. 2: Amendment of Article VIII, Section 4, of the By-laws entitled "Membership Rights" by the addition of the following language: ^{Adopted}

"Provided, however, that in times of drought or water shortage, the Board of Directors may establish a priority basis for allocating water, and charge different rates for different uses. If such priority basis is established, then essential household use shall be given first priority for an adequate number of gallons per month, and essential agricultural use, as the Board may define such, shall be given second priority for use."

Amendment of Article III, Section 4, of the By-laws to read as follows: "The rights, privileges and obligations of all members in this Association shall be equal, except as provided in Section 5 of Article IV and in Section 4 of Article VIII of these By-laws. All members shall pay an equal minimum monthly rate for such water. Rates shall be fixed by Resolution of the Board of Directors and filed with the Secretary of the Association." 33 AYE 16 NO

Proposal No. 3: ^{Adopted} Amendment of Article IV, Section 3, to read as follows: "One-fifth of the total membership of this Association present either in person or by proxy shall constitute a quorum for the transaction of business at any annual or special membership meeting. If such a quorum is not present, the meeting may be adjourned from time to time by a majority of those present, provided that such meeting may not be adjourned for a period to exceed sixty (60) days for any one adjournment."

Amendment of Article IV, Section 5 to read as follows: "Each person holding a membership or memberships shall be entitled to one vote only. The holding of more than one membership certificate to cover additional service connections shall not entitle such holder to more than one vote. Voting by proxy will be permitted; provided, that any member shall be permitted to vote not more than ten proxies in addition to his own vote and if a member receives more than ten proxies, he shall have power to substitute any other member or members present at the meeting to vote such additional proxies. Cumulative voting shall be prohibited."

31 for -
14 against

MINUTES OF ANNUAL STOCKHOLDERS MEETING OF UPPER SURFACE CREEK DOMESTIC WATER
USERS ASSOCIATION, DECEMBER 11, 1990, AT COMMUNITY CENTER, CEDAREGE, COLORADO

CALL TO ORDER by Association President Robert E. Phillips was at 7:30 p.m.

CALL OF THE MEETING was read by Association Secretary John Hawkins.

CREDENTIALS COMMITTEE REPORT: The committee was made up of Verena McKenney, Chairperson; Marty Phillips; Brian Phillips; and Helen Hawkins. They reported 52 member present in person, 118 present by proxy, for a total of 170. One-third of the membership of 461, or 153 being required for a quorum, a quorum was declared.

MINUTES of the last annual meeting were read and approved as read.

PRESIDENT'S REPORT TO THE MEMBERS: Phillips commented on the continued drouth during 1990 that threatened our water supply as well as delivery capability. The Board contributed to the cloud seeding program, and also rented 10 c.f.s. of stored water. Restrictions implemented the year before were continued, with alternate watering days and watering hour restrictions added. Members' cooperation made a fairly smooth operating system -- probably one of the most pleasant for him, he said, with the fewest calls he had ever received.

He reported on system improvements, a main one being a joint project with the Town of Cedarege on our collection and main transmission lines that involved: (1) Installation of an extension of 2,000 feet of new 8-inch line into Marcott Creek; and (2) Enlarging 5,700 feet of 8-inch transmission line up to a 12-inch size. The Association's share of these improvements was slightly over \$20,000.00.

He reported on distribution line improvements as: (1) 1800 feet on 2375 Road, west of Surface Creek; (2) Another 1800 feet on 2425 Drive, east of Surface Creek; (3) Replacement of a section of about $\frac{1}{2}$ mile of a worn-out line on extreme lower end of Redlands Mesa; (4) Replacement of a 2800 foot section, the worst part of another worn-out line, in upper Dry Creek; (5) Two short extensions on Cedar Mesa on 2600 Road and Q-50 Road; and (6) A short extension near Surface Creek on the extreme north end of 2425 Drive. Capital improvements to the distribution system totalled approximately \$27,000.00. The Board plans to continue upgrading of the system as fast as finances permit.

Phillips reported that the Board had an opportunity to purchase two shares of Surface Creek Ditch & Reservoir stock at a cost of \$12,000.00, and did so, in order to firm up our water supply. Total capital expenditures for the year were a little over \$59,000.00.

He stated that we had at last achieved a reasonable settlement of our long-running property tax struggle. The original tax liability of \$30,000.00 plus interest for a total bill of \$50,000.00 was negotiated down to a tax of \$9,000.00 plus \$6,000.00 interest for a total of \$15,000.00.

Phillips concluded by reporting that the Association's financial position is strong, as the financial report reveals.

THE FINANCIAL REPORT was presented by the secretary. After discussion,

it was MOVED by Netha Macfarlane,

SECOND by Everett Ford, that the financial report be accepted and placed on file.

CARRIED, by voice vote.

OLD BUSINESS:

Dan Hawkins reported for the committee appointed a year ago to assist the Board in setting water use policy. Committee members besides Dan were: Stan Adams, Lewis Bickmore, Gene Dove, and Everett Ford. They had toured the entire system and held a subsequent work session and made recommendations to the Board for rates for 1990; for watering schedules with a calendar; non-watering hours; a monthly newsletter to members; and also recommended against incurring debt for system improvements. A full copy of the committee's report is attached hereto.

NEW BUSINESS:

The secretary presented needs and plans for system improvements. A small map of the system was given to each person present; this was correlated with drawings and figures on a large board, showing priority areas, costs, etc., with verbal explanations. There were many questions from members, explanations, and discussion.

BUDGET:

The budget for 1991 was presented. There was discussion on the \$3.00 per month per tap surcharge adopted at last year's annual meeting to cover the cost of the property tax. This surcharge was adopted for two years and any accumulated over the cost of the tax bill goes into the capital improvement fund. There was discussion on keeping this \$3.00 surcharge in order to help pay for needed improvements.

MOVED by Paul Angelo,

SECOND by Mary Jo Beckley, that the budget be adopted as presented.

CARRIED by voice vote.

BY-LAWS CHANGES: Association attorney Aaron Clay presented the proposed By-Laws amendments. He explained that the three proposals had already been made by the Board, so a motion is not needed, only a second required for each proposal. The three proposals in full are attached to these minutes.

PROPOSAL NO. 3, concerning amendment of Article IV, Sections 3 and Section 5, dealing with quorum requirements and voting rights, was presented and discussed.

CHUCK WORLEY seconded and called for the question on Proposal No. 3.

Phillips called for a vote.

1990 minutes, continued. (3)

A hand count of members present was taken, with 31 aye, 14 no.

Proposal Number 3 was declared adopted.

PROPOSAL No. 2, concerning membership rights calling for additional language to Article VIII, Section 4, plus amendment of Article III, Section 4, also regarding membership rights, was presented and discussed at great length.

KELLY PETERSON SECONDED and called for the question on Proposal No. 2.

Phillips requested a vote by show of hands. The vote was 33 aye, 16 No.

Proposal No. 2 was declared adopted.

PROPOSAL NO. 1, regarding the addition of Section 5 to Article VIII of the By-Laws, regarding membership certificates, location of tap, and moving of location of tap, was presented. There was discussion on language of the proposal.

MOVED by Herman Kline,
SECOND by Walter Lugard, that the language of the proposed amendment be changed to omit the word "severe", to read "hardship" only.

MOTION CARRIED by voice vote.

There was prolonged, detailed and good discussion on this proposal with most present taking part.

PAUL ANGELO SECONDED and called for the question on Proposal No. 1.

Phillips requested a vote by show of hands of members. This vote was 26 Aye, 18 No. That hand count was followed by a show of hands proxy count of 52 Aye, 28 No.

Proposal No. 1 was declared adopted.

ELECTION OF DIRECTORS:

Directors whose two-year terms were expiring were: Herschel Burgess of Lower Cedar Mesa; Herman Kline of Upper Surface Creek area; John Hawkins, of Redlands Mesa.

Nominations were called for.

MOVED by Mildred Hamilton,
SECOND by Paul Angelo, that Burgess, Kline and Hawkins all be re-elected by acclamation and the Secretary be instructed to cast a unanimous ballot.

MOTION CARRIED without opposing vote, and Burgess, Kline and Hawkins were declared elected, each to serve a two-year term.

There being no further business, the meeting adjourned, followed by informal discussion among members and free refreshments provided and served by Netha Macfarlane.

 , Secretary.

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
COMMITTEE REPORT
May 28, 1990

I. BACKGROUND

At the Annual Meeting December 12, 1989, chairman Bob Phillips appointed a committee to assist the Board in setting

water use policy. Committee members are:

Eugene Dove	856-3379
Everett Ford	856-6842
Lou Bickmore	856-7237
Stan Adams	835-3425
Dan Hawkins	835-3979

On May 11, the committee toured the Association's system from the main storage tank to the East end of Redlands Mesa, and a major portion of the territory in between. This tour acquainted members with the size and layout of the system, the history of the Association, the delivery bottlenecks that exist presently and are likely to arise in the future, and the areas of proposed improvements and upgrades. A second meeting followed on May 15, where the recommendations contained in this report were formulated. The committee has used as a guide the following facts about system operation:

1. The #1 decree flow of .5cfs allows for a monthly system usage of 10 million gallons. If we exceed this amount, or if the #1 decree does not yield 100%, then stored water reserves must be used to make up the deficit, or additional water must be located and rented.

2. The design of our storage and delivery system does not allow for unrestricted outside use.

3. Even during periods of relatively low system-wide use, certain users may experience water shortages if intense watering

occurs in sensitive areas.

4. The historically established purpose of the Association is to provide adequate water to all users for household use, with irrigation or other uses being allowed only if successful operation of the system can be assured.

5. The limit per user per month of 20,000 gal. imposed last season assures that a monthly system flow of 10 million gallons will not be exceeded. It was also shown that this limit assures good system operation. However, history shows that we are unlikely to see 20,000 gallons demanded by all users.

II. RECOMMENDATIONS

1. RATE SCHEDULE

The committee recommends adoption of the following rate schedule, effective June 1, 1990:

Gallons used	Cost per 1000 gal.
0 - 7,500	Flat rate \$15.00
7,501 - 10,000	.30
10,000 - 15,000	.35
15,000 - 20,000	.80
20,000 - 25,000	1.30
25,000 - 30,000	2.20
30,000 - 35,000	3.00
35,000 - 40,000	4.40
40,000 - 45,000	6.20
45,000 - 50,000	8.40
50,000 and above	11.00

Attached to this report is a graph of usage versus cost based on this recommended schedule. It shows a sharp increase in rates within the 20,000 - 30,000 gallon range, creating an economic limit within which most users will probably stay.

2. ALTERNATE WATERING SCHEDULE

The Association staff should be directed to implement a

schedule of watering days which is designed to prevent periods of concentrated use in any area of the system. Compliance with this schedule will have to be voluntary, as there is no practical way to police it. Users should be notified of their own watering schedule for the coming month when they receive their monthly statement.

3. NO-WATERING HOURS

In order to allow tank recharge periods, outside watering should be banned during the hours of 11:00 PM to 6:00 AM.

4. INFORMATION TO USERS

In order to foster understanding and cooperation among the membership, information pamphlets or letters should be included with monthly statements throughout the summer season. Topics to be addressed might include:

a. Which months during the year meters are read, and the approximate reading dates.

b. An explanation of tap density as a factor in overall system costs, showing how a municipal system can afford cheaper rates than a rural system such as ours.

c. Limitations of our water supply and delivery system, and what measures are being taken or contemplated to improve our capacity.

d. Water conservation techniques, and phone numbers of local agencies where expert advice can be obtained.

e. Encourage members to keep in mind their summertime thoughts and bring them to the annual meeting.

5. FALL-BACK POSITION

It is evident that the committee, and no doubt, the Board of Directors feel that it is best to operate this or any water system with the cooperation and understanding of the users,

without the imposition of flat limits and punitive measures. However, the members should be made aware that failure to cooperate can leave the Board with no recourse but to establish an outright ban on outside water use, or arbitrary usage limits.

6. SYSTEM IMPROVEMENTS

Several system improvements have been proposed by the Board and staff, and some are already budgeted for this year. The committee encourages the Board and manager to continue the policy of identifying those problem areas which can be most immediately and economically improved. The committee also recommends against incurring debt for the purpose of system upgrades and improvements.

Respectfully submitted,

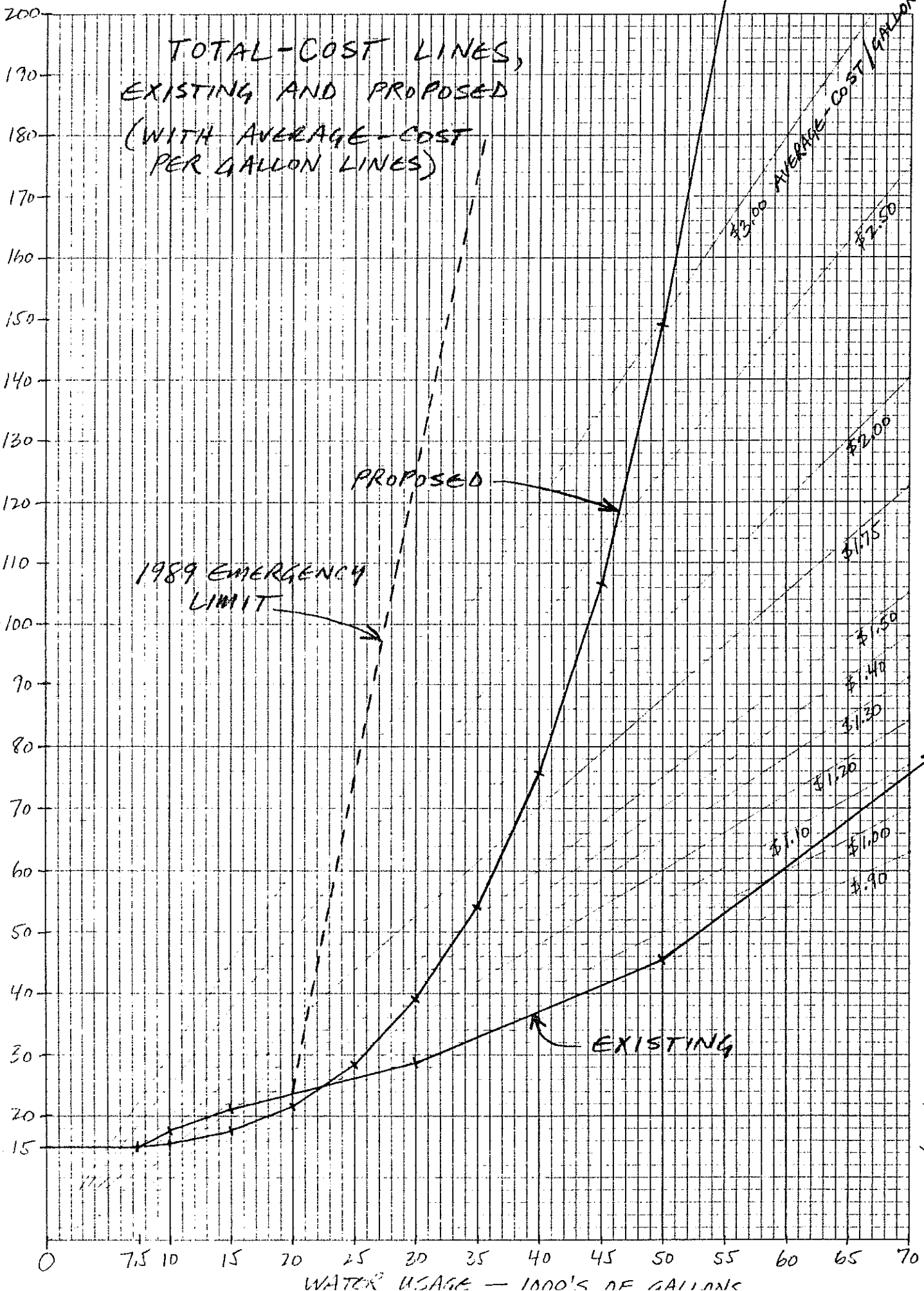
Dan Hawkins

Dan Hawkins
Committee Chairman

NO. 340AR-10 DIETZGEN GRAPH PAPER
10 X 10 PER INCH.
DIETZGEN CORPORATION
MADE IN U.S.A.

TOTAL-COST LINES, EXISTING AND PROPOSED (WITH AVERAGE-COST PER GALLON LINES)

COST - DOLLARS



5/29/90

MINUTES OF ANNUAL STOCKHOLDERS' MEETING, UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, DECEMBER 10, 1991, COMMUNITY CENTER, CEDAREGE, COLORADO

The meeting was called to order by President Robert Phillips at 7:30 p.m.

Secretary John Hawkins read the call of the meeting.

Credentials Committee Chairman Carol Kinderknecht presented the committee's report as 41 present in person; 112 present by proxy, for a total of 153. The Committee, made up of Jo Dallas, Helen Hawkins and Dan Hawkins, declared a quorum.

READING OF MINUTES: Minutes of the 1990 meeting were read and approved as read.

PRESIDENT'S REPORT TO MEMBERS: Phillips noted another successful and productive year, with sufficient water supply. The distribution system worked well. This was due partly to the previous year's improvements, but largely due to conserving as planned, and cooperation of users with restrictions and regulated watering.

The year was marred by algae that briefly got into the water; although unpleasant, there were no ill effects. The problem was in the main line shared with Cedarege; the Town administers the gathering system and treatment plant.

Revenues and expenditures were very close to budget. Eight new memberships were purchased; 37 were transferred. The year closed with 475 members, owning 517 certificates.

New construction was on target with what was proposed. The new line from 2600 Road on Cedar Mesa leading into Dry Creek and tying into the Redlands Mesa line was completed. Another project saw 300 feet of 2" line constructed on Redlands at 2800 and P-50 Roads.

An unexpected project arose on T Road in the Upper Surface Creek section. New property owners there wanted to serve two to four new taps. The existing 3/4" line was inadequate. Upgrading of it was expensive due to rocky conditions, but it was installed with financial participation from the new owners. As plans for it developed, the Board saw its importance to tentative plans for major improvements in the Surface Creek area. With that in mind, we completed a 4-inch line the full length of T Road; also installed was a 500 foot line of 6-inch pipe, intended to be a part of a planned major trunk line.

Total expenditures for capital improvements for 1991 were \$56,680.00. This was \$6,000.00 over budget, but the year ended with more money than anticipated in the Reserve Account. The year was satisfactory as to progress and plans to continue with improvements as finances permit.

FINANCIAL REPORT: This was presented by the Secretary. After discussion, it was

MOVED by Paul Angelo,

SECOND by John Dickerson, that the financial report be accepted.

MOTION CARRIED by voice vote.

OLD BUSINESS:

MOVED by Paul Angelo that the \$3.00 "surcharge" voted on two years ago, to be in effect for two years, now be rescinded.

There was discussion before the motion was seconded. The Secretary explained

(1991, continued)

that the \$3.00 charge was adopted to begin with for capital improvements to the system and to liquidate the property tax problem we were then experiencing. The original motion was read from the 1989 minutes. Discussion.

Gerald Figueroa asked for comments on conditions of the system before voting on the motion. John Hawkins reviewed last year's plans. There was in-depth discussion on future plans. Points touched on were: (1) Common-line with Cedaredge improvements -- the Association must be able to meet its estimated \$35,000.00 share; (2) The Cedar Mesa-Dry Creek line to Redlands Mesa; (3) A storage tank on Cedar Mesa; and (4) The proposed main trunk line in the Surface Creek area that will serve as a main trunk line for the system. Hawkins drew diagrams on a board, with explanations. He stated the \$3.00 charge generates over \$18,000.00 per year and without it all of the necessary improvements could not be made within the required time frame.

Angelo asked how much water we own. Phillips said all the shares we own provide 35 cfs per year of stored water, plus natural flow from springs of $\frac{1}{2}$ cfs per day. Discussion continued. Fred Burritt stated he would like to see the charge continued -- he likes what the Association has accomplished with the extra \$3.00.

A SECOND to Angelo's motion to rescind the \$3.00 was made by Bob Evans.

Before a vote could be taken, Angelo said he would be willing to go along with the \$3.00 charge provided members could work with the Board on the higher metered rates; he asked for a definition of domestic water.

Lewis Bickmore, member of a committee that worked with the Board in plans for the system and for setting rates, stated the Board sets rates to try to improve the system; he added it has already been defined as to what is domestic and what is irrigation water.

It was then pointed out that the \$3.00 charge expired on this date, and no motion was needed to rescind it.

Phillips called for a new motion to see if the members want to continue with the \$3.00 charge.

MOVED by John Dickerson,

SECOND by Paul Angelo, that we continue the \$3.00 charge for capital improvements, for five years.

Everett Ford asked to amend the motion to read: "A basic \$15.00 monthly charge".

There being no second to Ford's amendment, the motion stood as originally stated. A voice vote was called for.

MOTION CARRIED.

NEW BUSINESS: It was decided this had been covered during the previous discussions.

ELECTION OF OFFICERS: Those board members whose two-year terms were expiring were: Redlands Mesa -- Fred Burritt. Cedar Mesa -- Floyd McPherson. Upper Surface Creek: Porter Sheppard. Member-at-large: Robert Phillips.

Nominations were called for.

Netha Macfarlane nominated Edgar Gassman for Cedar Mesa.
Weldon Roberts nominated Paul Angelo for Cedar Mesa.
John Hawkins nominated Floyd McPherson for Cedar Mesa.

Armando Estrada nominated Kelly Peterson for Upper Surface Creek area.
Dan Hawkins nominated R.P. Sheppard for Upper Surface Creek area.

Stan Adams nominated Fred Burrirt for Redlands Mesa.

Ed Badding nominated Bob Phillips for Board Member-at-large.

MOVED by John Dickerson,
SECOND by Mary Jo Beckley that nominations cease.

MOTION CARRIED by voice vote.

A ballot vote was conducted by the Credentials Committee for the various officers. They reported as follows: Cedar Mesa: Floyd McPherson, 24
Edgar Gassman, 12
Paul Angelo, 7


Upper Surface Creek Area: Kelly Peterson, 33
Porter Sheppard, 10

Redlands Mesa: Fred Burrirt, 40

Member-at-large: Bob Phillips, 39

McPherson, Peterson, Burrirt, and Phillips were declared elected, each to serve a two-year term.

There being no further business, the meeting adjourned at 9:30 p.m., followed by serving of free refreshments by Netha Macfarlane.



John Hawkins, Secretary

MINUTES OF ANNUAL STOCKHOLDERS MEETING, UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION, DECEMBER 8, 1992, COMMUNITY CENTER, CEDAREGE, COLORADO

Association president Robert E. Phillips called the meeting to order at 7:30 p.m.

Secretary John Hawkins read the call of the meeting.

The Credentials Committee reported 35 present in person, 115 present by proxy, for a total of 150. Ninety-seven being needed, a quorum was declared.

MINUTES OF LAST YEAR'S meeting were read. There being no corrections or amendments, they were approved as read.

THE PRESIDENT'S REPORT to the members was presented by Mr. Phillips.

Nine new memberships were sold; there were 44 transfers, an increase of about 25%. There are now 481 members holding 528 shares of

stock, a contrast to when the system began in 1960 and it took a lot of work just to get 100 members.

Revenue was slightly up; operating costs were slightly down thus allowing \$20,000.00 more to work with than budgeted.

The previous year's work on the line from east Cedar Mesa to Redlands Mesa greatly improved delivery to Redlands. More work remains on up to the top of Redlands.

1992's capital improvement was on the "Hoot Owl Valley" 6-inch line, beginning at the Upper Surface Creek crossing on 2425 Drive on down as far as T Road. It will end on Cedar Mesa when completed and will free up the entire Surface Creek area to be served by that line and increase the ability to deliver water. We spent \$56,000.00 on the 8,500 feet installed this year; an estimated \$70,000.00 to \$80,000.00 will complete the line. Its completion is the present top priority; however, if the Town of Cedaredge does any common-line improvement, we must be prepared to pay our share of that. And, there is always the potential for emergencies.

Phillips thanked the members for their cooperation in observing watering restrictions that helped make such a successful year.

THE FINANCIAL REPORT was presented by the Secretary. After discussion, it was

MOVED by Dayton Myers,
SECONDED by Paul Angelo, that the financial report be accepted and placed on file.

MOTION CARRIED with no opposing vote.

OLD BUSINESS: Ralph Crooks asked if there are figures to show what the Association has invested in the system, as capital improvements, to date. Phillips quoted from last year's audit report, that as of the end of 1991 that figure was \$803,719.00, for 517 shares.

Gerald Figueroa stated there is the possibility of the breaking up of 93 acres on Cedar Mesa into home sites. He wanted to know the Association's policy for supplying such developments.

Phillips responded that the developers meet with the Board of Directors and work with the Board. Previously, developers have transferred water rights to the Association to supply their developments.

Figueroa asked how we work with the Town of Cedaredge regarding growth -- theirs and ours -- and wanted to know, as the Town grows, if our water supply diminishes. Phillips said we own one-fifth of the system, no matter what. We pay our share of improvements.

Angelo asked how much additional water will we need to serve more taps. The Secretary explained that the delivery system is at fault, not the water supply.

(1992, continued)

NEW BUSINESS: A map on the reverse side of the budget was presented, showing proposed plans for improvements and various options to increase the system's ability to deliver. This was discussed at length. Some of the work is planned for 1993; other as money is available.

THE BUDGET for fiscal year 1993 was presented and discussed. In the matter of salary increases, Phillips pointed out that the staff had not had a raise in four years, and the workload has greatly increased since then.

MOVED by Paul Angelo,
SECOND by Dayton Myers, to accept the proposed budget.

MOTION CARRIED with no opposing vote.

ELECTION OF DIRECTORS:

Those directors whose terms were expiring were: Cedar Mesa area, Hershel ("Bud") Burgess; Redlands Mesa, John Hawkins; Upper Surface Creek, Herman Kline.

Burgess was nominated by Bob Evans. John Hawkins was nominated by Paul Angelo; Kline was nominated by Dan Hawkins.

MOVED by Angelo,
SECOND by Hannelore Jend, that the three nominees be declared elected by acclamation.

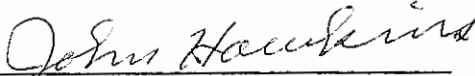
MOTION CARRIED with no opposing vote.

Burgess, Hawkins, and Kline were declared elected, each to serve a 2-year term.

Phillips displayed a plaque intended for former board member R.P. Sheppard, who served on the Board for 30 years -- from 1961 to 1991, and read the inscription of appreciation on it. As Mr. Sheppard was not in attendance, the plaque will be presented to him at a later time.

There being no further business, the meeting adjourned at 9 p.m., followed by a period of informal discussion and free refreshments served by Netha Macfarlane.

Respectfully submitted,



John Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF ANNUAL STOCKHOLDERS MEETING
COMMUNITY CENTER, CEDAREDGE, COLORADO
DECEMBER 14, 1993

Association president and meeting chairman Bob Phillips called the meeting to order at 7:45 p.m.

Secretary John Hawkins read the call of the meeting.

The credentials committee reported that a total representation of 104 was needed for quorum. The committee reported 76 members present, 129 represented by proxy for a total of 204. A quorum was declared.

MINUTES OF THE 1992 MEETING were read. Hearing no corrections or amendments, chairman Phillips declared the minutes approved as read.

THE PRESIDENT'S REPORT to the members was presented by chairman Phillips.

The year of 1993 was one of unprecedented growth in the Association. The number of new taps and transfers was five to six times greater than what had been average for the past several years. The revenues generated by new tap sales was used for capital improvements in several areas. Short sections of new line were constructed on Redlands Mesa, Cedar Mesa, and Upper Surface Creek areas. Approximately 2600 feet were added to the ongoing Hoot Owl Valley 6-inch line project, and all additional pipe for that line was purchased. In all, \$123,000 was spent on capital improvement.

Four acres of land were purchased surrounding the Cedar Mesa Tank. This is planned to serve as a future Association headquarters site with facilities for storage, shop, and office space.

Recognizing that continued growth at the present pace would severely strain the Associations resources, the board of directors decided to propose an amendment to the by-laws increasing the price of membership. This would be brought before the meeting later.

Due to an extremely wet year, the water supply was adequate during all of 1993.

Chairman Phillips then presented a plaque honoring Floyd McPherson, who resigned from the board of directors due to ill health after serving as a director for 36 years. Wayne Mcpherson accepted the plaque on behalf of his father.

Secretary John Hawkins presented the financial statement. After short discussion,

MOVED BY Dayton Myers,
SECOND BY Weldon Roberts to accept the financial statement.
MOTION CARRIED with no opposing votes.

No topics of old business were raised from the floor.

Mr. Phillips referred to the minutes of the 1992 meeting, which recorded a question during that meeting about the assets of the Association. Phillips asked John Hawkins to explain a paper he had prepared and distributed to those present at the meeting which listed the Association's assets and the projected costs of continuing to improve the system over the next five years. Hawkins stated this sheet was intended to help answer the previous year's question and also prepare the members for the upcoming vote on amending the by-laws. Discussion began immediately concerning the proposed by-laws change.

Chairman Phillips pointed out that all neighboring water systems are currently charging at least \$4000 for a tap. Veronica Minch suggested the perhaps \$4000 was not high enough. Phillips responded that the fee could be changed annually, if required, to keep pace with needs.

Armando Estrada suggested a merger with some other neighboring water system which was in a better financial position than ours. Phillips answered that no other system was capable of serving our area, and none were known to be any better off financially.

Bridget Vaisvil asked how many taps can be added without compromising service to existing owners. Phillips replied that the Association purchases additional water whenever possible, and continues to upgrade the delivery system to meet demand. He stated that our corporate charter and guiding philosophy is to provide water to all who request it in our area, if it physically possible. It is difficult to set an arbitrary limit in advance.

Lucille Bowen expressed concern that the Association would always be in debt. Phillips replied the only current debt is to the Town of Cedaredge for our share of the treatment plant, and that is at a very low rate of interest. There are no plans to incur further debt.

Jerry Figueroa inquired what percent of the system was on Redlands Mesa, and would it be feasible for Redlands Mesa to develop its own domestic water system and sever itself from the Association. Phillips replied that Redlands accounts for around 20% of the system, and that any idea of an independent system

would be purely speculative.

MOVED BY Ron Keim,
SECOND BY Jeth Betz to adopt the proposed amendment to the
by-laws.

Chairman Phillips read the proposed new text of Article III,
Section 1, as follows:

Section 1. Persons who own real property or who reside in the area served by this Association, as described in the Certificate of Incorporation, and, considering the needs of users who may already be members, for whom the Association has an adequate supply of water, and can serve without undue hardship, inconvenience or expense, shall be eligible for membership upon application on such forms as provided by the Association and upon payment of a membership fee of Four Thousand (\$4,000.00) Dollars, said payment to be for one membership for one residence only and for one 3/4" (three quarter inch) tap served through a 5/8" by 3/4" (five eighths inch by three quarter inch) meter or equivalent; larger sized taps may be allowed at the discretion of the Board of Directors at a price to be established by the Board of Directors; effective upon adoption.

Chairman Phillips inquired of Ron Keim if that was his motion. Mr. Keim replied that was his motion. Mr. Phillips inquired of Jeth Betz if that was her second. Mrs. Betz replied that was her second.

During discussion of the motion, Paul Angelo asked if a tap was tied to the property. Phillips replied that an amendment to the by-laws two years ago required the tap to stay at the location it was originally applied for.

Bridget Vaisvil asked when the amendment would become effective. Phillips replied immediately upon adoption.

MOTION CARRIED with no opposing votes.

Chairman Phillips asked if there was any other business to come before the meeting.

Brad Burritt spoke of the need for increased emphasis on long-range planning. Phillips stated the present limit of the Association's ability to plan accurately seemed about five years.

Janice Jones spoke as a realtor whose customers often wanted a written commitment by the Association to supply water to a piece of property before purchasing. John Hawkins replied that such requests are considered by the board of directors, and generally can be done, with time limitations.

Secretary John Hawkins presented the proposed budget for 1994.

MOVED BY Billy Varner
SECOND BY Paul Angelo to adopt the proposed budget.
MOTION CARRIED with no opposing votes.

Chairman Phillips asked for nominations to fill positions of four directors whose terms expired this year:

Fred Burritt, Redlands Mesa
Wayne McPherson, Cedar Mesa (appointed to fill vacancy)
Kelly Peterson, Upper Surface Creek
Bob Phillips, At Large

NOMINATIONS RECEIVED:
WAYNE MCPHERSON, nominated by Weldon Roberts
STANHOPE ADAMS, nominated by Wilson Groome
FRED BURRITT, nominated by Billy Varner
KELLY PETERSON, nominated by Dan Hawkins
JERRY FIGUEROA, nominated by Ron Keim
BOB PHILLIPS, nominated by Don Fick

Voting was carried out by secret ballot. The results were:

WAYNE MCPHERSON elected to serve Cedar Mesa area
FRED BURRITT elected to serve Redlands Mesa area
KELLY PETERSON elected to serve Upper Surface Creek area
BOB PHILLIPS elected director at large.

Chairman Phillips declared the meeting adjourned at 10:00 p.m.
Refreshments were provided and served by Netha MacFarlane.

John Hawkins
Secretary

MINUTES OF ANNUAL STOCKHOLDERS MEETING OF
UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
DECEMBER 13, 1994
AT THE
COMMUNITY CENTER, CEDAREGE, COLORADO

Chairman Robert E. Phillips called the meeting to order at 8:30 p.m.

The Secretary read the call of the meeting.

The credentials committee reported 79 present in person and 154 present by proxy for a total of 233. There being 112 needed for a quorum the chairman declared a quorum present.

Minutes of the 1993 stockholders annual meeting were read. There being no additions or corrections, they stood approved as read.

Phillips introduced all of the board members, and legal representative.

He then gave his annual president's report to the stockholders:

He stated that the increased activity the past year, including tap sales, had made it possible to step up the capital improvement program to the extent that we were able to complete both the 1994 and 1995 planned projects. Major projects were: near completion of the Hoot Owl Valley line to Cedar Mesa and completion of a section of the Redlands Mesa line across Cedar Mesa. These totalled about 5 miles of new 6-inch line.

Also, together with the Town of Cedaredge, we completed 2 miles of new 12-inch transmission line on Grand Mesa. We also purchased additional reservoir water which more than doubled our supply of stored water.

He outlined plans for future projects including expansion of the water treatment plant and construction of an office, shop, and storage building.

Secretary-Treasurer John Hawkins presented the financial report. After prolonged discussion, it was

MOVED by Joan Phillips, and
SECONDED by Jess Marshall, to approve the financial report.

There was more discussion, after which a vote was called for and the report was approved by voice vote.

Phillips called for discussion on the proposed amendment of Section 1, Article III of the By-Laws to raise the membership

fee from \$4,000.00 to \$6,000.00. There was much discussion on this subject, especially as it would affect growth. Phillips stated that we could not legally use this water company as a forum to control growth; that only governmental entities have that authority.

It was MOVED by Weldon Roberts,
SECONDED by Ken Gillilan, that Section 1, Article III of the Association By-Laws be amended to raise the membership fee from \$4,000.00 to \$6,000.00. Voice vote was called for and the motion carried with three or four dissenting votes.

The Secretary-Treasurer presented the proposed budget for 1995. The principal change in the operating budget was in salaries. Phillips explained the need to get the salaries and personnel organization more in tune with the industry. It was

MOVED by Esther Hammer,
SECONDED by Jess Marshall, to approve the proposed budget for 1995. Motion carried unanimously by voice vote.

ELECTION OF DIRECTORS: Phillips announced that 2-year terms of directors were expiring for Herman Kline of the Upper Surface Creek district; Herschel Burgess of the Cedar Mesa district; and John Hawkins, of the Redlands Mesa district.

Herman Kline for Upper Surface Creek was nominated by Dan Hawkins, seconded by Kelly Peterson.

Herschel Burgess for Cedar Mesa was nominated by Wayne McPherson.

John Hawkins for Redlands Mesa was nominated by John Burritt, seconded by Dan Widner.

Jerry Figueroa for Cedar Mesa was nominated by Gareld Wilcox.

Stanhope Adams for Redlands Mesa was nominated by Susan Bennett.

MOVED by Mary Lou Marshall,
SECONDED by Paul Angelo that nominations cease. Motion carried.

MOVED by John Hawkins,
SECOND by Mary Lou Marshall, that since there was only one nomination for Upper Surface Creek that Herman Kline be elected by acclamation. Motion carried without opposition and Herman Kline was declared elected.

Voting was then held by secret paper ballot for the Cedar Mesa district, the result being Jerry Figueroa 124; Herschel

Burgess, 118. Jerry Figueroa was declared elected.

Stan Adams asked for the floor and requested that he be allowed to speak on his position; this was granted provided John Hawkins be given the same privilege if desired.

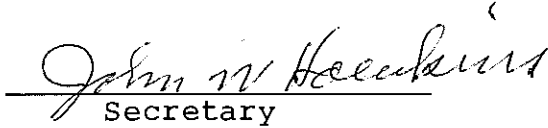
Adams outlined what he perceived to be major deficiencies in planning and management. Hawkins countered Adams's comments.

A secret, paper ballot was taken, with Hawkins receiving 161 votes, Adams 69 votes. Hawkins was declared elected.

Phillips announced that Netha Macfarlane was again serving free refreshments, and that she had decided this would be her last year of doing so, since her 90th birthday was coming up soon. A standing ovation was accorded Netha in appreciation for her hospitality and generosity for the decades of serving refreshments.

Meeting adjourned.

Respectfully Submitted,


Secretary

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF ANNUAL STOCKHOLDERS' MEETING
COMMUNITY CENTER, CEDAREGE, COLORADO
DECEMBER 12, 1995

The Meeting was Called to Order by President Robert E. Phillips.

The Call of the Meeting was read by Secretary John Hawkins.

The Credentials Committee reported a quorum present.

--66 members were present in person; 130 present by proxy;
for a total of 196.

Minutes of the 1994 meeting were read by the Secretary. There being no additions or corrections, they were approved as read.

Phillips presented his Annual Report. He commented on continued growth in the area, and in the Association. Twice the projected number of membership sales doubled the budgeted income from that source, making possible a large increase in capital expenditures

Capital expenditures were: (I) The Association's new building; (II) A new road into the building across Association property; (III) Purchase of two used vehicles -- a 3/4 T Chevrolet utility truck for general pipeline work; and a smaller Ford Ranger for meter reading and multiple other uses; (IV) Work on the collection system consisted of one short spur of line below Trickle Park Reservoir; (V) Additional water purchase for \$8,000.00; payment on previous water purchase for \$12,000.00. Our water supply is now 90 cfs of stored water, plus our 1/2 cfs of No.1 decree out of Surface Creek; (VI) Distribution system additions were five projects, plus purchase of a truckload of pipe for present and future lines.

The five projects were: Three on Cedar Mesa -- A 4-inch line from Q Road down 2600 Road to 2420 Road; another 4-inch line going south from Q Road along 2525 Road; on 2475 Road, 1/4 mile of 6-inch line south from the 6-inch Hoot Owl Valley line. Next, the Hoot Owl Valley line completed last year was tied into the Cedar Mesa system; this included a regulating and general control station and replacing a stretch of 4-inch line with 6-inch line from the station to Sage & Cedars Subdivision. Lastly, a new 2-inch line was built in the north end of Cactus Park to serve new members.

Phillips reported that the 1996 plans call for work with the Town of Cedaredge on replacing some 8-inch pipe with 12-inch; and enlargement of the treatment plant. The Association paid \$30,000.00 on our debt for the treatment plant, and the plan is to pay the balance of \$34,000.00 in 1996.

He noted the damages and inconveniences to Association lines due to the telephone company's buried cable project. He also noted that 27 of the 43 new memberships were purchased at the \$6,000.00 price and that there are now 599 members owning 672 taps.

(Upper Surface Creek Domestic Water Users
1995 Minutes Continued

Phillips concluded his report by commenting that during the year several allegations were made to the County Planning Commission and to the County Commissioners about the Association's alleged inability to deliver water and on our alleged financial instability. Phillips, John Hawkins and Dan Hawkins appeared before the Planning Commission and presented a true picture of the Association's system and finances. Two independent studies of our capabilities were also presented. A member of the Planning Commission had congratulated this Association as being the best equipped to handle growth of any rural water company in the county.

The Secretary Presented the Financial Report. Following detailed discussion, it was

MOVED by Netha Macfarlane

SECONDED by Mildred Hamilton and Weldon Roberts that the financial report be accepted as presented.

CARRIED with no opposing votes.

No Old Business was presented.

New Business was called for. John Vaisvil of Dry Creek told of a problem on his line. He was invited to attend the Board of Directors meeting that would occur immediately following this annual meeting and present the situation to the Board at that meeting.

The Secretary presented the Budget. Following thorough discussion, it was

MOVED by Lewis Bickmore,

SECOND by Everett Ford, that the proposed budget for 1996 fiscal year be adopted as presented.

MOTION CARRIED without opposing vote.

Phillips then presented retirement plaques to Fred Burritt in appreciation of 35 years of service on the Board of Directors, and to Bud Burgess for 23 years of service on the Board. He also presented a "Million Dollar Member" certificate to Linda Lee and Jim Davis for purchasing the membership that brought the Association's sale of memberships to One Million Dollars since its organization.

Election of Directors.

Terms expired for Kelly Peterson, Upper Surface Creek Area; Wayne McPherson, Cedar Mesa; Robert E. Phillips, Member-at-large; and a vacancy on Redlands Mesa, created by resignation of Fred Burritt.

Kelly Peterson was nominated for Upper Creek area by Herman Kline. Wayne McPherson was nominated for Cedar Mesa by Weldon Roberts. Robert Phillips was nominated as member-at-large by Fred Burritt. Stan Adams was nominated for Redlands Mesa by Wilson Groome. Stan Sammons was nominated for Redlands Mesa by Dan Hawkins.

MOVED by Dan Hawkins that nominations cease and the 3 uncontested nominees be elected by acclamation.

SECOND by Weldon Roberts.

CARRIED without opposing vote.

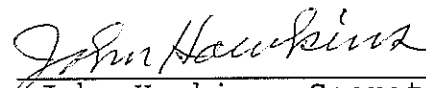
Peterson, McPherson, and Phillips were declared elected, each to serve a 2-year term for the area for which he was elected.

Vote by paper ballot was conducted for the Redlands Mesa seat. The Credentials Committee reported that Sammons received 148 votes; Adams received 43.

Stan Sammons was declared elected to serve a 2-year term for Redlands Mesa.

There being no further business, the meeting adjourned.

Refreshments were provided by the Association, hosted by Board Member Jerry Figueroa, with a period of informal discussion among the members.



John Hawkins, Secretary



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
P.O. Box 70
Cedaredge, CO 81419

ANNUAL MEETING
December 12, 1995

Report of Credentials Committee

We find the following in attendance:

Present: 66

Proxies: 130

Helen R Hawken's

Marglyn Anderson

John R. Burnett

Jim Davis

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
MINUTES OF ANNUAL STOCKHOLDERS MEETING
DECEMBER 10, 1996, AT COMMUNITY CENTER, CEDAREDDGE, COLORADO

The meeting was called to order at 7:30 p.m. by Association President Robert E. Phillips.

Secretary John Hawkins read the call of the meeting.

The Credentials Committee reported 50 present in person, 131 present by proxy, for a total of 181. There being 124 needed for a quorum, a quorum was declared and the meeting commenced.

Minutes of the 1995 meeting were read by Dan Hawkins, who also recognized staff member Dayton A. Myers, Jr., as being present. The minutes were approved as read.

Phillips presented his report to the stockholders:

The revenue source we depend on for capital improvements is sale of memberships. The 5 years prior to 1996, sales averaged 32 per year. In 1996, however, we sold only 14 after having budgeted for 22, reducing expected revenue from that source by \$48,000.00.

Despite the shortage, we paid the Town of Cedaredge the balance of \$34,000.00 owed on the existing treatment plant, 15 years ahead of schedule, as budgeted. With the upcoming new agreement with the Town, we wanted the old indebtedness paid off.

Capital improvements centered around the new treatment plant. Changing of plans and changes within the Town government brought delays and cost increases. Originally a new plant was planned that would double the treatment capacity. With the building and associated costs, we estimated half a million dollars and budgeted \$100,000.00 for our 20% share.

However, three changes were made: (1) We replaced about 7,000 feet of old 7-inch common line with a 12-inch line between the treatment plant and our diversion from the common line. The old line was undersized and badly deteriorated. (2) We had to build a new structure to divert our water from the common line; it will also serve future needs of the Town; the cost was shared accordingly. (3) The State Health Department required a detention reservoir be built ahead of any users to allow water to stand 30 minutes so the chlorine can work before entering the distribution system. The Town and Association agreed that this should also be a storage reservoir. This is a one-million-gallon tank and is very important for smooth operation of the system. It is located right below the treatment plant.

Next year's plans are concentrated on completion of the above projects; we expect them to require nearly all available funds for capital improvements.

Another major event is a new agreement with the Town. There will be a report on this from Board members and staff, with discussion. We are looking forward to correcting situations that have existed far too long -- some as far back as 1967.

The distribution system operated smoothly in this hot, dry summer, with heavy use. But the supply was good and there were no significant shortages anywhere on the system. The new treatment plant should do a better job of filtering in general; plus, it will have an element to better control taste and odor, particularly from algae.

In addition, we discovered that the collection system, built in 1959 and 1960 from springs on Grand Mesa, has not been adequately maintained. It is due for a major clean-up this coming year. We hope we can have more influence on quality control of both raw and treated water in the future.

The Financial Report was presented by the Secretary, with questions and discussion. John Vaisvil asked about an income item, as to what kinds of materials we sell. The Secretary explained that ordinarily we do not sell materials; however, if a member has an emergency we will sell something to help them.

Jim Davis commented that our salaries seem low; he asked if we have done any studies on comparative salaries and if we plan to raise salaries in order to keep good employees. Phillips explained that we are trying to stay within our means; we will soon offer medical insurance, which is not taxable.

Chuck Worley asked what is meant by water assessments paid. Phillips explained that is what we pay the various water companies where we own stock, for purposes of maintenance, etc.

Motion by Netha Macfarlane,

Second by Mary Lou Marshall that the financial report be accepted and placed on file.

Motion passed without opposing votes.

A Progress Report was presented by Systems Manager Dan Hawkins. He reported that the 7000-foot section of the 12-inch common line is installed, and that work is just beginning on the one-million gallon storage tank. The remainder of the filter plant upgrade is scheduled for completion in 1997. He reported that the diversion box on the common line is completed.

Old Business: Everett Ford and Jess Marshall asked about status of the new building, and what else it might need. Brief discussion.

John Vaisvil presented a water delivery problem on his line. Phillips explained that lines beyond the meter are not Association responsibility, and invited Mr. Vaisvil to meet with the Board after the meeting to discuss his problem.

New Business: Board members Kelly Peterson, Stan Sammons and Jerry Figueroa presented an outline of the proposed new agreement with the Town of Cedaredge. The agreement would: (1) Clearly define service areas; (2) Decide what to do with the 18 taps now located in a confusing area; (3) Better provide for future needs of our system. Present ownership ratio is 80% to Town, 20% to Association. The Board hopes to change this to a ratio of: Town, 75%; and Association, 25%, increasing our ability to deliver filtered water to entire system. Detailed discussion, and questions followed:

Bob Evans asked: Will the Town agree? Peterson responded that so far the Council is very interested.

Lewis Bickmore asked: The cost to us? Peterson explained that approximately \$50,000.00 would be our additional cost of the system improvement based on our increased equity. John Hawkins further explained about the \$50,000.00.

Bob Evans asked: Will rates be raised for this? Figueroa said no.

Jim Davis asked if the new taps transferred to us from Cedaredge will be regulated at the same rate as Association taps, or as Cedaredge taps. Figueroa explained that they will be on our rate structure. Phillips added that they will become members and will be subject to all of our policies. John Hawkins added further that all of these people will be consulted; Figueroa stated that many already want to be placed on our system.

John Vaisvil asked where additional water will come from. Figueroa responded that we can buy it in the future; that water stock is always for sale.

Jerry Loucks commented that it sounds like an excellent deal, that we cannot afford NOT to do it if we wish to keep up with growth.

Phillips asked for a show of hands of all those approving this proposed arrangement with the Town. All hands were raised; none opposed.

John Dickerson asked about the \$3.00 "surcharge" we passed several years ago. The Secretary explained that it was originally adopted to pay for the property tax, and reminded that at a later annual meeting the stockholders voted to keep the charge as part

of the monthly assessment.

The budget was presented by the Secretary. A question was asked about what would happen if projected tap sales are only half. The Secretary responded that we will draw on our reserve account; if that is not enough, we can borrow to tide us over. Polly Hammer asked if the \$50,000.00 was built into the budget; the answer was yes. After many other questions, and detailed discussion, it was

Moved by Polly Hammer,
Seconded by Robert Doose, to accept the budget as presented.
Motion passed without opposing votes.

Election of Directors was next order of business. Two-year terms were expiring for Herman Kline, Upper Surface Creek area; Jerry Figueroa, Cedar Mesa; John Hawkins, Redlands Mesa.

Herman Kline was nominated by Wayne McPherson; second by Mary Lou Marshall.

Jerry Figueroa was nominated by Don Elliott; second by Mary Lou Marshall.

John Hawkins was nominated by Mildred Hamilton; second by Mary Lou Marshall.

Moved by Mildred Hamilton,
Second by Roger Lowry and John Dickerson,
That nominations cease and those nominated be declared elected by acclamation.

Motion passed without opposing vote, and the President declared Herman Kline, Jerry Figueroa, and John Hawkins elected, each to serve a 2-year term.

There being no further business, the meeting adjourned at 9 p.m., followed by refreshments and informal discussion.

Respectfully Submitted:

John A. Hawkins
Secretary

Upper Surface Creek Domestic
Water Users Assn

1996 Annual Meeting

Dec 10, 1996

Total Present	50
Total Propies	<u>131</u>
Total	<u><u>181</u></u>

Mary L. Nungel
Jim Davis
Wanita Wilmer
Ann Burnett

Helen R. Hawkins

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
Minutes of Annual Stockholders Meeting
December 9, 1997

Chairman Bob Phillips called the meeting to order at 7:30 p.m. in the Cedaredge Community Center.

Secretary John Hawkins read the call of the meeting.

A credentials committee had been formed in advance of the meeting. Members were Waneta Widner, Mary Munger, Ann Burritt, and Caryl Schoonover. The committee reported that forty members were present, and 145 represented by proxy. Chairman Phillips declared a quorum .

Dan Hawkins read the minutes of the 1996 Annual Meeting. There being no corrections, the Chairman declared the minutes approved as read.

Bob Phillips delivered his President's Report. He announced that he would retire after this meeting. He had served for 38 years on the Board of Directors as President. Mr. Phillips said he was proud that the Association had no debt, even after two years of large capital improvement expenditures for a new treatment plant, and other improvements to the parts of the system owned in common with the Town of Cedaredge. He said that the Association had taken a major role in the treatment plant upgrade, assuming full supervision of the construction about halfway through the project.

Mr. Phillips said that other improvements to the system lie ahead, including upgrading the Redlands Mesa supply line, construction of a storage tank on Cedar Mesa, and participating with the Town of Cedaredge in rehabilitation of some springs and the raw water collection system on Grand Mesa. He emphasized that all such projects are predicated on tap fees, and we will pay as we go.

Mr. Phillips said that the Board of Directors has consistently used good judgement in observing the by-laws, which require that we serve the community. In some cases, that has put us in conflict with groups which seek to control growth through limitation of water service. He said he has enjoyed working with the Board, and believes the new members who are elected at this meeting will carry on the tradition of excellence.

Secretary John Hawkins then spoke on behalf of Bob Phillips. Mr. Hawkins apologized for not standing, since he recently broke his leg in a car accident. He recounted the history of the Association, beginning in 1957. He said Bob Phillips was elected to the Board in 1959, and became president at that time. He has presided over 307 Board meetings, 38 annual meetings, and countless special meetings. He expressed his personal appreciation for the contribution of Bob Phillips, and presented him with a plaque from the

Board of Directors. Mr. Hawkins then announced that he was stepping aside from the job of Secretary-Treasurer, a position he held for more than twenty-five years. He will serve on the Board for at least the remainder of his term.

Dan Hawkins said that the retirement of John Hawkins also meant the retirement of his wife Kathleen, who served as clerk and bookkeeper for the Association during John's tenure as Secretary. Dan presented John with a plaque for Kathleen in appreciation of her service. Dan also announced that Stan Sammons had decided not to accept nomination for another term as director from Redlands Mesa. He presented a plaque of appreciation for Mr. Sammons.

The financial statement was presented. Sue Bennet asked if the Associations accounting records were audited. Chairman Phillips replied that the books undergo an annual CPA review.

MOTION BY Dayton Myers Sr.

SECOND BY John Dickerson to accept the financial report.

MOTION CARRIED by voice vote, no opposing votes.

Dan Hawkins reported on the construction of the new filter plant. He said that in March of 1997, the Association made an agreement with the Town of Cedaredge to assume supervision of the project. He said the plant is nearly completed, and will be able to treat water in 1998. The water treatment capacity will be doubled, giving the Association and the Town ample room to grow in the future. Along with the new plant, a one-million-gallon storage tank has been completed, and some 7,000 feet of new 12-inch pipeline to replace a deteriorated 8-inch line. Also, a new diversion box was built to divide the Association's share of water out of the common line. He reported that the Association was also participating in the operation of the existing treatment plant on a part time basis, and that arrangement was working out well.

Chairman Phillips called for old business. There was none brought up.

The chairman then called for new business. John Dickerson asked if a fire hydrant could be installed along 2425 Drive east of his property. Dan Hawkins reported that property owners in the area had expressed an interest in purchasing a hydrant, and that the hydrant is available, ready to install when weather and ground conditions permit.

Don Fick asked who pays for water which is drawn from fire hydrants to fight fire. John Hawkins explained that no attempt is made to measure or charge for such water. He said we all pay for it.

Chairman Phillips announced that four director positions were up for nomination. Those directors whose terms have expired are:

Surface Creek -- Kelly Peterson

Redlands Mesa -- Stan Sammons. Stan does not wish to be a candidate.
Cedar Mesa -- Wayne McPherson
Member at Large -- Bob Phillips. Bob does not wish to be a candidate.

Nominations were opened for the Surface Creek director. Kelly Peterson was nominated by John Dickerson. Jerry Loucks seconded the nomination. Esther Hammer moved to close nominations for the position. John Dickerson seconded. There being no further nominations, Chairman Phillips closed nominations and declared Kelly Peterson elected by acclimation.

Nominations were opened for the Redlands Mesa director. Jess Marshall nominated Bryan Klaseen. Mildred Hamilton seconded. John Hawkins nominated Travis Jardon. Sue Bennett seconded. Travis Jardon declared that he wished to withdraw from the election. Bob Heinz moved that nominations be closed for the position. Jess Marshall seconded. There being no further nominations, Chairman Phillips closed nominations and declared Bryan Klaseen elected by acclimation.

Nominations were opened for the Cedar Mesa director. Bob Evans nominated Wayne McPherson. Mildred Hamilton seconded. Fred Burritt moved to close nominations for the position. Chuck Worley seconded. There being no further nominations, Chairman Phillips closed nominations and declared Wayne McPherson elected by acclimation.

Nominations were opened for the Member at Large director. Joan Phillips nominated Ellis Fritchman. Fred Burritt seconded. Mildred Hamilton moved to close nominations for the position. Fred Burritt seconded. There being no further nominations, Chairman Phillips closed nominations and declared Ellis Fritchman elected by acclimation.

Bob Phillips presented the proposed budget for 1998. Sue Bennet asked if the employees are part time or full time. Phillips replied that all employees will be full time in 1998. Mildred Hamilton asked if the salaries are high enough. Dan Hawkins replied that the board has agreed to purchase group medical insurance, and the employees are happy with their salaries.

MOTION BY Chuck Worley

SECOND BY Dayton Myers Sr. to approve the budget for 1998.

MOTION CARRIED by voice vote with no opposing votes.

The meeting adjourned at 9:00 p.m. to enjoy coffee and cookies baked by Bonnie Kline.

Respectfully Submitted,

Dan A. Hawkins
Dan A. Hawkins

HELEN

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
ANNUAL STOCKHOLDERS MEETING
DECEMBER 9, 1997

AGENDA

1. Call Meeting to Order (Bob)
2. Read Call of Meeting (John)
3. Report of Credentials Committee (as to Quorum)
4. Minutes of last Stockholders Meeting (Dan or John)
5. President's Report to Members (Bob)
6. Presentation -- (John)
7. Presentation -- (Dan and/or others)
8. Financial Report (John or Dan)
9. Construction Project Report (Dan)
10. Call for Old Business
11. Call for New Business
12. Election of Directors:
 - Directors Terms Expiring:
 - (1) Upper Surface Creek -- Kelly Peterson
 - (2) Redlands Mesa -- Stan Sammons. Stan is retiring and is not a candidate
 - (3) Cedar Mesa -- Wayne McPherson
 - (4) Member-at-Large -- Bob Phillips. Bob is retiring and is not a candidate
13. Other Business
14. Adjourn

Ask Board Members to meet immediately.

ANNOUNCE REFRESHMENTS

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

December 9, 1997

Annual Meeting

Credential Committee Report

A quorum was met for the purpose of holding the 1997 Stock Holders Annual Meeting

Forty (40) Members Present

One Hundred Forty Five (145) Proxies

Waneta Widner Waneta Widner

Mary Munger Mary L. Munger

Ann Burritt Ann Burritt

Caryl Schoonover Caryl Schoonover

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
ANNUAL STOCKHOLDERS MEETING
DECEMBER 8, 1998

1. Call Meeting to Order (Jerry)
2. Read Call of Meeting (Dan)
3. Report of Credentials Committee (as to Quorum)
4. Minutes of last Stockholders Meeting (Dan)
5. President's Report to Members (Jerry)
6. Financial Report (Dan)
7. Construction Project Report (Dan)
8. Call for Old Business
9. Call for New Business
10. Budget
11. Election of Directors:

Director Terms Expiring:

Cedar Mesa - Gerald Figueroa
Surface Creek - Herman Kline
Redlands Mesa - John Hawkins
12. Other Business
13. Adjourn

Ask Board Members to meet immediately.

ANNOUNCE REFRESHMENTS

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Minutes Of Annual Stockholders Meeting
December 8, 1998

Chairman Jerry Figueroa called the meeting to order at 7:35 p.m. in the Cedaredge Community Center. The Call of the Meeting was read by Association Secretary Dan Hawkins.

A credentials committee had been formed in advance of the meeting. Committee members were Mary Munger, Gerald Loucks, and Mary Lou Marshall. The committee reported that there were 658 members in the association, requiring a representation of 132 for quorum. At that time, there were 41 present and 92 proxies. Chairman Figueroa declared a quorum. Later in the meeting, the credentials committee reported a final count of 48 present, with 138 proxies.

Dan Hawkins read the minutes of the 1997 Annual Meeting. It was
MOVED BY Esther Hammer,
SECOND BY Jess Marshall to approve the minutes as read.
MOTION CARRIED by voice vote, with no opposing votes.

Jerry Figueroa delivered his President's Report. He said this was his first year as president, and his fourth year of serving on the Board of Directors. He has found that the board consistently acts in the best interest of the shareholders, and he has found it to be an enjoyable position.

Mr. Figueroa said that a look at the financial report and budget would show that the largest source of revenue in 1998 was from sales of new memberships. He said this corresponds with the largest expenditures being for capital improvements, which is the intended purpose for membership sales income. He pointed out that, although some money was added to savings, called the reserve account, it is not possible for the Association to retain large amounts of cash during a year, due to restrictions placed upon non-profit organizations.

Mr. Figueroa then invited the shareholders to participate fully in the meeting, reminding them that, as owners of the Association, this is the time and place to be heard.

Dan Hawkins presented the cash flow financial report for 1998. He explained that the figures cover the period from December 1, 1997 to November 30, 1998, which is the Association's fiscal year.

Rita Trninich asked how many employees were covered by the salary expenditure. Hawkins answered that there were three full-time employees, plus a short period of one part-time employee.

Bob Phillips asked what part of the insurance expense was for employee health insurance. Dan Hawkins answered that most of the expense was for health insurance, with the remainder being vehicle, building, and other minor insurance.

Rita Trninich asked how much water had been purchased. Jerry Figueroa explained that

the 1998 water expenditure represented parts of two separate purchase agreements with individuals. One was for eight shares of Surface Creek Ditch and reservoir, and the other for 43 shares of Cedar Mesa Ditch and Reservoir Company.

MOVED BY John Hawkins

SECONDED BY Lewis Bickmore to accept the 1998 cash flow financial report.

MOTION CARRIED by voice vote, with no opposing votes.

Dan Hawkins reported on distribution system construction during the year. The largest and most expensive project was replacement of the Redlands Mesa supply line, from the bottom of Cedar Mesa to 2800 road on Redlands Mesa. In addition, he described five other sections of pipeline that were added or replaced. Hawkins referred to a sketch map of the project locations which had been handed out at the meeting.

Mike Mason asked why eight-inch pipe was installed for the Redlands supply, when it is only fed by a four-inch line from Cedar Mesa. Hawkins answered that other lines are anticipated in the future which may be used to augment the Redlands supply, for example a potential line along 2725 Road.

Chairman Figueroa called for old business. Ben Faber said he had noticed an increase in taste and odor in the water over the past six years, and wondered if there was an explanation. Dan Hawkins replied that increased population has caused the system to draw more surface water to augment the flow from springs. Surface water, from lakes and streams, is more vulnerable to taste and odor influence.

Lewis Bickmore asked if the town of Cedaredge has officially accepted or rejected an Association proposal to purchase additional ownership in the common system. Jerry Figueroa replied that the Town has done neither, but has stated that an election will be required by law to allow such a transaction.

Rita Tminich asked if the Town is reluctant to negotiate with the Association because they are planning to annex outlying areas. Jerry Figueroa replied that no annexation was being considered, to his knowledge.

Mr. Figueroa then called for new business. Lewis Bickmore asked if the "Y2K" computer problem would affect the Association's ability to deliver water. Dan Hawkins replied that the only potential problem would be in case of loss of electric power from DMEA, which would disable the treatment plant. Several people in the audience expressed the opinion that the electric power system will fail nationwide in the year 2000, and that the Association and Town should be prepared. Hawkins said he felt the magnitude of the "Y2K" problem is being overstated.

Mike Mason asked about the water reserves owned by the Association. Dan Hawkins presented a list of water shares owned, their yield, and the system usage during the year. He said it indicated that the Association used less than 30% of its available water in 1998.

Dan Hawkins presented the proposed budget for 1999. Bob Phillips asked that future budget proposals break out the health insurance from other insurance costs. Dick Ducic asked if the Association has a retirement program. Hawkins said we do not, but that a consulting fee is

being paid to John Hawkins as a kind of substitute for retirement.

MOVED BY Esther Hammer,
SECONDED BY Mildred Hamilton to approve the budget for 1999 as presented.
MOTION CARRIED by voice vote, with no opposing votes.

Chairman Figueroa asked if there was any further business. Dick Ducic said he felt a retirement program is important to keep good employees.

MOVED BY Dick Ducic,
SECONDED BY Esther Hammer that a retirement program be investigated by the Board of Directors and staff.
MOTION CARRIED by voice vote, with no opposing votes.

Chairman Figueroa announced that the terms of three directors expired this year: John Hawkins of Redlands Mesa, Gerald Figueroa of Cedar Mesa, and Herman Kline of Surface Creek. He said that all three directors had agreed to accept nomination to serve another term. He asked for nominations.

MOVED BY Mildred Hamilton,
SECONDED BY Gerald Wilcox that nominations be closed and that the three incumbent directors be declared re-elected by acclamation.
MOTION CARRIED by voice vote, with no opposing votes.

There being no further business, the meeting adjourned at 10:00 p.m. to enjoy coffee and cookies baked by Bonnie Kline.

Respectfully Submitted,



Dan A. Hawkins
Secretary-Treasurer

Upper Surface Creek Domestic Water Users Association - 1998 Cash Flow Report

November 31, 1997 Balance

WestStar Bank	10,507.53	
First Federal CD	14,983.85	
First Federal Savings	<u>53,061.58</u>	
Total Cash Balance		78,552.96

Cash From Operations:

Earned Interest	3,288.55	
Installation Fees	6,400.00	
Transfer Fees	1,380.00	
Water & Penalties	148,334.16	
Treatment Plant		
Plant Construction	11,784.31	
Plant Operation	9,688.28	
Miscellaneous	<u>969.47</u>	
Total Cash From Operations		181,844.77

Cash from Memberships 180,000.00

Cash from Member Contribution 39,946.39

Total Receipts 401,791.16

Cash On Hand 480,344.12

Cash Spent on Operations:

Insurance	7,685.98	
Interest (Water Shares)	1,680.00	
Legal and Professional Fees	6,850.00	
Taxes and Fees	2,751.55	
Miscellaneous	212.71	
Office Expense	7,371.83	
Common System	113.09	
Distribution System Maintenance	5,629.10	
Salaries & Wages	71,032.00	
Payroll Taxes	5,221.36	
Utilities	2,640.22	
Vehicles	4,603.04	
Water Assessments	806.25	
Water Treatment	<u>22,415.88</u>	
Total Cash Spent on Operations		139,013.03

Cash Spent on Assets

Building & Land	218.50	
Office Equipment	1,888.62	
Shop Equipment	4,585.56	
Common System	7,978.53	
Distribution System		
Redlands Mesa Line	99,160.32	
Lines in Subdivisions	17,972.13	
Fire Hydrant Installations	13,192.88	
Other Line Construction	17,352.51	
Materials	<u>28,469.74</u>	
Total Distribution System	176,147.58	
Water Shares	<u>48,000.00</u>	
Total Cash Spent on Assets		<u>238,818.79</u>

Total Cash Spent (377,831.82)

Balance November 30, 1998

WestStar Bank	10,624.32	
First Federal CD	15,817.27	
First Federal Savings	<u>76,070.71</u>	
Total Balance		<u>102,512.30</u>

**UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
CASH RECEIPTS, DISBURSEMENTS AND PROPOSED BUDGET FOR 1999**

	Budget 1998	Actual 1998	Budget 1999
Cash from Operations			
Interest Earned Reserve Accts	2,000.00	3,288.55	3,500.00
Installation&Transfer Fees	4,000.00	7,780.00	6,000.00
Water & penalties	145,000.00	148,334.08	148,000.00
Plant Construction & Operation	5,000.00	21,472.59	10,000.00
Miscellaneous	<u>100.00</u>	<u>969.47</u>	<u>100.00</u>
Total Cash from Operations	156,100.00	181,844.69	167,600.00
Cash from Memberships	84,000.00	180,000.00	120,000.00
Cash from Member Contribution	<u>4,000.00</u>	<u>39,946.39</u>	<u>4,000.00</u>
Total Cash Receipts	<u>244,100.00</u>	<u>401,791.08</u>	<u>291,600.00</u>
Cash Spent on Operations			
Insurance	6,000.00	7,685.98	9,500.00
Interest	1,700.00	1,680.00	3,400.00
Legal and Professional Fees	800.00	850.00	2,000.00
Consultant Fee(John Hawkins)	6,000.00	6,000.00	6,000.00
Taxes and Fees	2,000.00	2,751.55	3,000.00
Miscellaneous Expense	600.00	212.65	600.00
Office Expense	7,000.00	7,371.83	7,500.00
Common System	500.00	113.09	500.00
Distribution System Maintenance	13,000.00	5,629.10	14,000.00
Salaries & Wages Expense	74,000.00	71,032.00	76,000.00
Payroll Taxes	5,000.00	5,221.36	6,500.00
Utilities	2,600.00	2,640.22	2,600.00
Vehicles	5,000.00	4,603.04	5,000.00
Water Assessments	850.00	806.25	1,000.00
Water Treatment	<u>25,000.00</u>	<u>22,415.88</u>	<u>22,000.00</u>
Total Spent on Operations	<u>150,050.00</u>	<u>139,012.95</u>	<u>159,600.00</u>
Cash Spent on Assets			
Building & Land	0.00	218.50	3,000.00
Office Equipment	0.00	1,888.62	6,000.00
Shop Equipment	0.00	4,585.56	2,000.00
Common System	60,000.00	7,978.53	5,000.00
Distribution System Construction	20,000.00	176,147.58	110,000.00
Water Shares	<u>12,000.00</u>	<u>48,000.00</u>	<u>24,000.00</u>
Total Cash Spent on Assets	<u>92,000.00</u>	<u>238,818.79</u>	<u>150,000.00</u>
Bank Balances:			
WestStar Bank	12,557.93	10,624.32	10,000.00
Reserve Accounts	<u>67,919.97</u>	<u>91,887.98</u>	<u>73,888.00</u>
Total	<u>80,477.90</u>	<u>102,512.30</u>	<u>83,888.00</u>

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
DECEMBER 8, 1998
Annual Meeting
Credential Committee Report

A quorum was met for the purpose of holding the 1998 Stock Holders Annual Meeting

Forty Eight (48) Member Present
One Hundred Thirty Eight (138) Proxies

Mary Lou Marshall

Mary Lou Marshall

Mary Munger

Mary L. Munger

Gerald Loucks

Gerald G. Loucks

12-08-98 ANNUAL MEETING -- LIST OF MEMBERS PRESENT

1. BICKMORE LEWIS D
2. BRAVE CLIFF
3. CROCKER RICHARD M
4. DENTON ERNEST R
5. DUCIC RICHARD
6. DUCIC RICHARD W
7. ELLIOTT DONALD G
8. EVANS ROBERT R
9. FABER BEN U
10. FICK DONALD
11. FIGUEROA GERALD L
12. FRITCHMAN ELLIS
13. GORE JOHN C
14. GRANTHAM R.W.
15. HAGADORN DAVID W
16. HAMILTON MILDRED B
17. HAMMER ESTHER P
18. HAWKINS DAN A
19. HAWKINS JOHN W
20. HEINZ ROBERT W
21. HOOD ARNOLD
22. JOHNSON DUANE L
23. KAPUS ROBERT L
24. KLASEEN BRYAN J KLASEEN
25. LOUCKS GERALD G
26. MARSHALL JESS
27. MARSHALL MARY LOU
28. MASON MICHAEL D
29. MCPHERSON WAYNE
30. MOGHADAM JAMSHID
31. MOLITOR LORETTA L
32. MUNGER KENNETH
33. MYERS SR. DAYTON A
34. NASH MELVIN
35. NICODEMUS ROBERT
36. PATTERSON SAMUEL L
37. PEPPER DON
38. PETERSON KELLY D
39. PHILLIPS ROBERT E
40. PHILLIPS RANCH
41. PINEL P.J.
42. REDLANDS AIR PARK
43. SON MELANIE
44. TIDWELL ROBERT J
45. TRNINICH RITA KAY
46. VAISVIL JOHN L
47. WIDNER DANIEL A
48. WILCOX GARELD R

12-08-98 ANNUAL MEETING -- LIST OF NON-MEMBERS PRESENT WITH PROXIES

1. SPARE NON-MEMBER #-15 1

12-08-98 ANNUAL MEETING -- LIST OF PROXIES

1. ANDERSON MARK DANIEL to: MCPHERSON WAYNE
2. ARMITAGE JOHN D to: WILCOX GARELD R
3. ASHBURN ROBERT E to: HAWKINS DAN A
4. BADDING EDWARD H to: NASH MELVIN
5. BANNON BARBARA to: FIGUEROA GERALD L
6. BARTON WILFORD J to: HOOD ARNOLD
7. BEACH DAVID M to: HAWKINS DAN A
8. BENNETT IRENE C to: MCPHERSON WAYNE
9. BETZ TODD L to: HAWKINS DAN A
10. BILYEU CLIFFORD R to: FIGUEROA GERALD L
11. BINGHAM GARRETT W to: KLASEEN BRYAN J KLASEEN
12. BLAIR COLLICE P to: HAWKINS JOHN W
13. BOOTHE RONALD L to: FRITCHMAN ELLIS

14. BRADY JOHN A to: HAWKINS JOHN W
15. BURGESS CLYDE L to: NASH MELVIN
16. BURRITT ROBERT J to: KLASEEN BRYAN J KLASEEN
17. CAMPANELLA CHARLES R to: SPARE NON-MEMBER #-15
18. CARLSON HARLEY P to: MUNGER KENNETH
19. CHINN DAN J to: MCPHERSON WAYNE
20. CHURCH CHARLES E to: FIGUEROA GERALD L
21. COLE EDWIN D to: BICKMORE LEWIS D
22. COOPER PAMELA F to: NASH MELVIN
23. COTTRELL JOY E to: MCPHERSON WAYNE
24. COUEY EARL R to: KAPUS ROBERT L
25. CRADER BYRON S to: HAMILTON MILDRED B
26. DEVORE RICHARD A to: MUNGER KENNETH
27. DICKES WILLIAM A to: HAWKINS DAN A
28. DUNBAR JANE K to: FRITCHMAN ELLIS
29. EGIDI PHILIP V to: HAWKINS DAN A
30. ENGSTROM ELAINE B to: FIGUEROA GERALD L
31. EVANS JANIS I to: PETERSON KELLY D
32. FABER BROR O to: MUNGER KENNETH
33. FAIRCHILD MARK D to: KAPUS ROBERT L
34. FLOYD LEE to: HAWKINS JOHN W
35. FORD NEIL S to: PETERSON KELLY D
36. FORREST SUE E to: HAWKINS DAN A
37. FRADL ANNA to: HAMILTON MILDRED B
38. FREY ROBERT C to: NASH MELVIN
39. GABRIEL EUGENE E to: BICKMORE LEWIS D
40. GANN WILLIAM LEE to: CROCKER RICHARD M
41. GORE MOSELLE SCOTT to: GORE JOHN C
42. GORROD MACK A to: FRITCHMAN ELLIS
43. GRANTHAM LETHA to: GRANTHAM R.W.
44. GRANTHAM RODNEY I. to: GRANTHAM R.W.
45. GRAY ALBERT F to: HAWKINS JOHN W
46. GROTRIAN LYNN D to: MUNGER KENNETH
47. GRUNKEMEYER DENNIS to: FRITCHMAN ELLIS
48. HAGADORN BRENDA C to: HAGADORN DAVID W
49. HANNA ARCHIE H to: PETERSON KELLY D
50. HANSON INGVAL to: MCPHERSON WAYNE
51. HARDING ROBERT F to: FRITCHMAN ELLIS
52. HARFST KENNETH to: FRITCHMAN ELLIS
53. HARTLEY MR. & MRS. ROBER to: PETERSON KELLY D
54. HARTMAN MARJY M to: DENTON ERNEST R
55. HEAD DAVID L to: MUNGER KENNETH
56. HEERES LOUIS P to: FIGUEROA GERALD L
57. HOUGHTON THORA to: KAPUS ROBERT L
58. HOUSER DAVID C to: FIGUEROA GERALD L
59. HUGINS RICHARD M to: WILCOX GARELD R
60. JARDON TRAVIS to: FRITCHMAN ELLIS
61. JOHNSON HENRY B to: MUNGER KENNETH
62. JONES THOMAS F to: PETERSON KELLY D
63. KEIM RONALD E to: FIGUEROA GERALD L
64. KICE MARY L to: DENTON ERNEST R
65. KIMBALL CHARLES G to: HAMMER ESTHER P
66. KIMBLE J VERNON J to: MCPHERSON WAYNE
67. KINDERKNECHT CAROL F to: MARSHALL JESS
68. KIPPENBERGER NANCY to: MUNGER KENNETH
69. KIRK & CO to: WILCOX GARELD R
70. KLASEEN FREDRICK J to: KLASEEN BRYAN J KLASEEN
71. KLINE HERMAN A to: HAMILTON MILDRED B
72. LAMPTON LEONARD to: MARSHALL MARY LOU
73. LAMPTON R.D. to: MCPHERSON WAYNE
74. LANGRAND EDGAR L to: MCPHERSON WAYNE
75. LEMMON BETTY E to: LOUCKS GERALD G
76. LIBA PATRICIA A to: MUNGER KENNETH
77. LOUCKS PHYLLIS M to: LOUCKS GERALD G
78. MACFARLANE NETHA to: HAMMER ESTHER P
79. MAIZE ROBERT R to: KLASEEN BRYAN J KLASEEN
80. MANZ HENRY A to: KLASEEN BRYAN J KLASEEN
81. MANZ WILLY to: FRITCHMAN ELLIS

82. MARGIS RICHARD E to: MARSHALL JESS
83. MARVEL RAY to: KLASEEN BRYAN J KLASEEN
84. MCALPINE RAYMOND L to: FICK DONALD
85. MCCANN BENJAMIN to: MUNGER KENNETH
86. MEWHINNEY DOROTHY M to: FRITCHMAN ELLIS
87. MICHELS ESTATE HARRY D to: KLASEEN BRYAN J KLASEEN
88. MIKEL DON to: PATTERSON SAMUEL L
89. MOHAN ROBERT E to: HAWKINS DAN A
90. MUNSON JAMES H to: LOUCKS GERALD G
91. MURPHY GEORGE C to: MARSHALL JESS
92. NICHOLS WILLIAM I to: HAWKINS DAN A
93. PETERSON BUCKLEY R to: MUNGER KENNETH
94. PETERSON NANCY S to: PETERSON KELLY D
95. QUAIN JOHN W to: HAWKINS JOHN W
96. RADCLIFF LESTER to: HOOD ARNOLD
97. RANDALL MARK A to: KLASEEN BRYAN J KLASEEN
98. REDLANDS MESA COMMUNITY to: WIDNER DANIEL A
99. RICHARDSON ALBERT E to: PETERSON KELLY D
100. RICHARDSON GARY to: LOUCKS GERALD G
101. ROBERTS MARGARET E to: MASON MICHAEL D
102. ROWLEY MANN to: MARSHALL MARY LOU
103. RUPP MORRISON E to: MUNGER KENNETH
104. SADLER JOHN M to: FRITCHMAN ELLIS
105. SAMMONS STAN to: HAWKINS JOHN W
106. SCHELL WILLIAM C to: MARSHALL JESS
107. SHERIDAN ROBERT P to: HAWKINS DAN A
108. SMITH RUSK C to: MUNGER KENNETH
109. SPECK GREGORY R to: HOOD ARNOLD
110. SPRINGER JOHN C to: PATTERSON SAMUEL L
111. STARK DAVID to: HAMILTON MILDRED B
112. STEWART RODERICK N to: PETERSON KELLY D
113. TAYLOR GERALD M to: KLASEEN BRYAN J KLASEEN
114. TOBIN RAYMOND G to: PETERSON KELLY D
115. TOURNEY PHILLIP F to: HAWKINS DAN A
116. TOWNSEND CARL E to: MCPHERSON WAYNE
117. TRAMP ROBERT J to: FIGUEROA GERALD L
118. TRIEBWASSER JOHN to: FIGUEROA GERALD L
119. TUFT EDWARD to: KAPUS ROBERT L
120. TUTTLE WALTER G to: KLASEEN BRYAN J KLASEEN
121. UPTAIN EDWARD E to: MARSHALL MARY LOU
122. VAUGHAN HARRY B to: MCPHERSON WAYNE
123. VOLTMER DON A to: MARSHALL JESS
124. WARNER MICHAEL C to: HAWKINS JOHN W
125. WIDNER STEVEN B to: WIDNER DANIEL A
126. WILLIAMS DENNIS L to: PETERSON KELLY D
127. WILLIS JAMES A to: MUNGER KENNETH
128. WILSON ROBERT A to: FIGUEROA GERALD L
129. WOLF SHARON to: CROCKER RICHARD M
130. WOOD ELAINE A to: HAWKINS JOHN W
131. WOOD HARRY S to: HAWKINS JOHN W
132. WOODWARD PAUL R to: MARSHALL MARY LOU
133. WORLEY ELIZABETH R to: EVANS ROBERT R
134. WRIGHT LORET to: MARSHALL MARY LOU
135. WRIGHT SHIRLEY M to: MYERS SR. DAYTON A
136. WYATT GREGG E to: MYERS SR. DAYTON A
137. X 7-R RANCH to: HAWKINS JOHN W
138. YATES JACK to: HAMILTON MILDRED B

12-08-98 ANNUAL MEETING -- LIST OF PROXY HOLDERS

BICKMORE LEWIS D (2)
COLE EDWIN D
GABRIEL EUGENE E

CROCKER RICHARD M (2)
GANN WILLIAM LEE
WOLF SHARON

DENTON ERNEST R (2)
HARTMAN MARJY M
KICE MARY L

EVANS ROBERT R (1)
WORLEY ELIZABETH R

FICK DONALD (1)
MCALPINE RAYMOND L

FIGUEROA GERALD L (10)
BANNON BARBARA
BILYEU CLIFFORD R
CHURCH CHARLES E
ENGSTROM ELAINE B
HEERES LOUIS P
HOUSER DAVID C
KEIM RONALD E
TRAMP ROBERT J
TRIEBWASSER JOHN
WILSON ROBERT A

FRITCHMAN ELLIS (10)
BOOTHE RONALD L
DUNBAR JANE K
GORROD MACK A
GRUNKEMEYER DENNIS
HARDING ROBERT F
HARFST KENNETH
JARDON TRAVIS
MANZ WILLY
MEWHINNEY DOROTHY M
SADLER JOHN M

GORE JOHN C (1)
GORE MOSELLE SCOTT

GRANTHAM R.W. (2)
GRANTHAM LETHA
GRANTHAM RODNEY L

HAGADORN DAVID W (1)
HAGADORN BRENDA C

HAMILTON MILDRED B (5)
CRADER BYRON S
FRADL ANNA
KLINE HERMAN A
STARK DAVID
YATES JACK

HAMMER ESTHER P (2)
KIMBALL CHARLES G
MACFARLANE NETHA

HAWKINS DAN A (10)
ASHBURN ROBERT E
BEACH DAVID M
BETZ TODD L
DICKES WILLIAM A
EGIDI PHILIP V
FORREST SUE E
MOHAN ROBERT E
NICHOLS WILLIAM I
SHERIDAN ROBERT P
TOURNEY PHILLIP F

HAWKINS JOHN W (10)

BLAIR COLLICE P
BRADDY JOHN A
FLOYD LEE
GRAY ALBERT F
QUAIN JOHN W
SAMMONS STAN
WARNER MICHAEL C
WOOD ELAINE A
WOOD HARRY S
X 7-R RANCH

HOOD ARNOLD (3)
BARTON WILFORD J
RADCLIFF LESTER
SPECK GREGORY R

KAPUS ROBERT L (4)
COUEY EARL R
FAIRCHILD MARK D
HOUGHTON THORA
TUFT EDWARD

KLASEEN BRYAN J KLASEEN (10)
BINGHAM GARRETT W
BURRITT ROBERT J
KLASEEN FREDRICK J
MAIZE ROBERT R
MANZ HENRY A
MARVEL RAY
MICHELS ESTATE HARRY D
RANDALL MARK A
TAYLOR GERALD M
TUTTLE WALTER G

LOUCKS GERALD G (4)
LEMMON BETTY E
LOUCKS PHYLLIS M
MUNSON JAMES H
RICHARDSON GARY

MARSHALL JESS (5)
KINDERKNECHT CAROL F
MARGIS RICHARD E
MURPHY GEORGE C
SCHELL WILLIAM C
VOLTMER DON A

MARSHALL MARY LOU (5)
LAMPTON LEONARD
ROWLEY MANN
UPTAIN EDWARD E
WOODWARD PAUL R
WRIGHT LORET

MASON MICHAEL D (1)
ROBERTS MARGARET E

MCPHERSON WAYNE (10)
ANDERSON MARK DANIEL
BENNETT IRENE C
CHINN DAN J
COTTRELL JOY E
HANSON INGVAL
KIMBLE J VERNON J
LAMPTON R.D.
LANGRAND EDGAR L
TOWNSEND CARL E
VAUGHAN HARRY B

MUNGER KENNETH (13)
CARLSON HARLEY P
DEVORE RICHARD A
FABER BROR O
GROTRIAN LYNN D
HEAD DAVID L
JOHNSON HENRY B
KIPPENBERGER NANCY
LIBA PATRICIA A
MCCANN BENJAMIN
PETERSON BUCKLEY R
RUPP MORRISON E
SMITH RUSK C
WILLIS JAMES A

MYERS SR. DAYTON A (2)
WRIGHT SHIRLEY M
WYATT GREGG E

NASH MELVIN (4)
BADDING EDWARD H
BURGESS CLYDE L
COOPER PAMELA F
FREY ROBERT C

PATTERSON SAMUEL L (2)
MIKEL DON
SPRINGER JOHN C

PETERSON KELLY D (10)
EVANS JANIS I
FORD NEIL S
HANNA ARCHIE H
HARTLEY MR. & MRS. ROBER
JONES THOMAS F
PETERSON NANCY S
RICHARDSON ALBERT E
STEWART RODERICK N
TOBIN RAYMOND G
WILLIAMS DENNIS L

WIDNER DANIEL A (2)
REDLANDS MESA COMMUNITY
WIDNER STEVEN B

WILCOX GARELD R (3)
ARMITAGE JOHN D
HUGINS RICHARD M
KIRK & CO

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
ANNUAL STOCKHOLDERS MEETING
DECEMBER 14, 1999

1. Call Meeting to Order (Gerald Figueroa)
2. Read Call of Meeting (Dan Hawkins)
3. Report of Credentials Committee (as to Quorum)
4. Minutes of last Stockholders Meeting (Dan Hawkins)
5. President's Report to Members (Gerald Figueroa)
6. Financial Report (Dan Hawkins)
7. Construction Projcct Report (Dan Hawkins)
8. Call for Old Business
9. Call for New Business
10. Budget
11. Election of Directors:

Director Terms Expiring:

Cedar Mesa - Wayne McPherson
Surface Creek - Kelly Peterson
Redlands Mesa - Bryan Klaseen
Member at Large - Ellis Fritchman
12. Other Business
13. Adjourn

Ask Board Members to meet immediately.

ANNOUNCE REFRESHMENTS

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
P.O. Box 70 - Cedaredge CO 81413- (970) 856-7199

Construction Report - Stockholders Meeting December 14, 1999

Distribution System Construction, 1999

1. Completed Redlands Mesa supply line - 1,500 of 6" steel pipe.
2. P Road and 2600 Road - 3,600 feet of 4" PVC pipe.
3. 2725 Road - 6,680 feet of 8" steel pipe and 580 feet of 4" PVC pipe.
4. Four fire hydrants.

Projected Distribution System Construction, 2000

1. Renovate four pressure regulator vaults.
2. Install one mile of 6" pipe along 2420 Drive - down the south grade off Cedar Mesa.
3. Upgrade main line on R-75 Road from 2425 Drive west to Surface Creek.
4. Replace fragile plastic line on Redlands along 2490 Road from M-50 Road ½ mile south to M Road.

**UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
CASH RECEIPTS, DISBURSEMENTS AND PROPOSED BUDGET FOR 2000**

	Budget 1999	Actual 1999	Budget 2000
Cash from Operations			
Interest Earned Reserve Accts	3,500.00	3,506.37	3,000.00
Installation&Transfer Fees	6,000.00	9,940.00	9,000.00
Water & penalties	148,000.00	150,098.40	150,000.00
Plant Construction & Operation	10,000.00	8,617.24	8,500.00
Miscellaneous	<u>100.00</u>	<u>839.32</u>	<u>100.00</u>
Total Cash from Operations	167,600.00	173,001.33	170,600.00
Cash from Memberships	120,000.00	186,000.00	156,000.00
Cash from Member Contribution	<u>4,000.00</u>	<u>7,198.48</u>	<u>5,000.00</u>
Total Cash Receipts	<u>291,600.00</u>	<u>366,199.81</u>	<u>331,600.00</u>
Cash Spent on Operations			
Insurance	3,000.00	4,230.00	4,500.00
Insurance - Health	6,500.00	9,280.65	9,500.00
Interest	3,400.00	3,360.00	3,000.00
Legal and Professional Fees	2,000.00	905.00	5,000.00
Consultant Fee(John Hawkins)	6,000.00	6,000.00	6,000.00
Taxes and Fees	3,000.00	3,704.54	5,600.00
Miscellaneous Expense	600.00	140.00	600.00
Office Expense	7,500.00	7,369.85	7,600.00
Common System	500.00	-0-	500.00
Distribution System Maintenance	14,000.00	7,275.12	15,000.00
Salaries & Wages Expense	76,000.00	73,000.00	76,000.00
Payroll Taxes	6,500.00	5,826.94	6,500.00
IRA Contribution	-0-	-0-	2,200.00
Utilities	2,600.00	2,335.14	2,600.00
Vehicles	5,000.00	3,710.38	6,000.00
Water Assessments	1,000.00	983.50	1,200.00
Water Treatment	<u>22,000.00</u>	<u>16,491.93</u>	<u>22,000.00</u>
Total Spent on Operations	<u>159,600.00</u>	<u>144,613.05</u>	<u>173,800.00</u>
Cash Spent on Assets			
Building & Land	3,000.00	428.29	14,000.00
Office Equipment	6,000.00	3,213.35	1,000.00
Shop Equipment	2,000.00	1,428.25	1,000.00
Common System	5,000.00	7,591.18	10,000.00
Distribution System	110,000.00	196,079.70	90,000.00
Backhoe	-0-	22,874.00	16,126.00
Water Shares(Payment)	<u>24,000.00</u>	<u>24,000.00</u>	<u>12,000.00</u>
Total Cash Spent on Assets	<u>150,000.00</u>	<u>255,614.77</u>	<u>144,126.00</u>
Ending Balance			
Checking	10,000.00	10,929.94	10,000.00
Reserve Accounts	<u>73,882.00</u>	<u>57,554.35</u>	<u>72,154.00</u>
Total Cash Balance	<u>83,882.00</u>	<u>68,484.29</u>	<u>82,154.00</u>

Upper Surface Creek Domestic Water Users Association - 1999 Cash Flow Report

November 31, 1998 Balance

WestStar Bank	10,624.32	
First Federal CD	15,817.27	
First Federal Savings	<u>76,070.71</u>	
Total Cash Balance		102,512.30

Cash From Operations:

Earned Interest	3,506.37	
Installation Fees	8,900.00	
Transfer Fees	1,040.00	
Water and Penalties	150,098.40	
Plant Operation	8,617.24	
Miscellaneous	<u>839.32</u>	
Total Cash From Operations		173,001.33

Cash From Memberships 186,000.00

Cash From Member Contribution 7,198.48

Total Receipts 366,199.81

Cash On Hand 468,712.11

Cash Spent on Operations:

Legal and Professional Fees	6,905.00	
Salaries & Wages	73,000.00	
Payroll Taxes	5,826.94	
Insurance - Health	9,280.65	
Insurance - Other	4,230.00	
Interest (Water Shares)	3,360.00	
Taxes, Fees, Permits	3,704.54	
Miscellaneous	140.00	
Office Expense	7,369.85	
Operation Maintenance -Distribution System	7,275.12	
Utilities	2,335.14	
Vehicles Expense	3,710.38	
Water Assessments	983.50	
Water Treatment	<u>16,491.93</u>	
Total Cash Spent on Operations		144,613.05

Cash Spent on Assets:

Building and Land	428.29	
Office Equipment	3,213.35	
Shop Equipment	1,428.25	
Common System and Treatment Plant	7,591.18	

Distribution System:

Construction 2725 Road	102,752.11	
Construction Redlands Mesa	29,509.57	
Construction - Other	20,859.76	
Hydrants	6,255.00	
Materials (Pipe, Valves, Etc)	<u>36,703.26</u>	
Total Distribution System		196,079.70

Backhoe 22,874.00

Total Cash Spent on Assets 231,614.77

Cash Spent on Liabilities - Water Shares 24,000.00

Total Cash Spent (400,227.82)

Balance November 30, 1999

Surface Creek Checking	10,929.94	
Surface Creek Savings	15,170.68	
Commercial Federal CD	16,487.56	
Commercial Federal Savings	<u>25,896.11</u>	
Total Balance		<u>68,484.29</u>

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Minutes of Annual Stockholders Meeting
December 14, 1999

Chairman Jerry Figueroa called the meeting to order at 7:47 p.m. in the Cedaredge Community Center. The Call of the Meeting was read by Association Secretary Dan Hawkins.

A credentials committee had been formed in advance of the meeting. Committee members were Mary Munger, Judi MacKendrick, Mary Lou Marshall, and Betty Nelson. The committee reported that there were 690 members in the Association, requiring a representation of 138 for quorum. At that time, there were 31 present, with 108 proxies. Later in the meeting the credentials committee arrived at a final count of 33 present, with 111 proxies.

Jerry Figueroa introduced himself as the President of the Board of Directors. He then introduced the Board of Directors, consisting of John Hawkins, Bryan Klaseen, Kelly Peterson, Herman Kline, Wayne McPherson, and Ellis Fritchman. Ellis Fritchman was unable to attend due to illness.

Dan Hawkins read the minutes of the 1998 Annual Meeting. It was
MOVED BY Jess Marshall,
SECOND BY Dayton Myers Sr. to approve the minutes as read.
MOTION CARRIED by voice vote, with no opposing votes.

Jerry Figueroa delivered his President's Report. He reviewed the growth of the Association over the past four years, which averaged about 3% per year. He said it was estimated that the Association currently has the capacity to serve about 1400 taps, based upon our water reserves. At the present rate of growth, that number could be reached within fifteen to twenty years.

Mr. Figueroa said the largest growth has occurred on Cedar Mesa, followed in descending order by Surface Creek, Redlands Mesa, and Cactus Park - Dry Creek. He said the Board tries to plan upgrades and extensions of the distribution system to best serve the areas seeing current and expected growth. He said the Association has been asked to extend its service boundaries to incorporate new areas, but has declined, not wishing to risk jeopardizing service in our existing area.

Mr. Figueroa reviewed the capital construction projects the Association undertook in 1999. One of the more significant was the completion of the supply line to Redlands Mesa. He said the new pipeline caused serious problems with water quality when it was put into service. The coating inside the pipe caused some bad taste and odor, and was found to be emitting some low levels of chemical contamination. Although the water was safe to drink, the new pipeline was shut down while the problem was investigated. It was decided to blend water from the new pipeline with water from the old, and continue to monitor the water quality. Letters were sent to the Redlands users reporting the results of analysis. It appears that the problem is rapidly improving, but tests will continue to be made until no more contamination is detected.

Mr. Figueroa said that a line had recently been completed along 2725 Road, from Q Road north to the residence of Harry Vaughan. The purpose of the line is to provide a future alternate route of service to Redlands, releasing the present Redlands supply line to serve Cedar Mesa.

Mr. Figueroa said that a major area of interest to the Association is the rehabilitation of the springs on Grand Mesa which supply water the Association and Town of Cedaredge. He said it is important to gather as much spring water as possible, because it is of much higher quality than surface water sources. He said an inspection tour conducted this summer showed that a lot of improvement is needed. It is expected that the Association and Town will conduct several joint projects in the coming years to get the best use from the springs.

The Chairman closed his report by stressing that the Association is owned by the members. He invited questions and comments, and stated that board meetings are always open to the members.

Dan Hawkins presented the cash flow financial report for 1999. He explained that the figures cover the period from December 1, 1998 through November 30, 1999. Amy Daniels asked about the expenditures for fire hydrants. Hawkins explained that individuals or neighborhood groups pay for fire hydrants, and the Association installs and maintains them. Amy Daniels asked if the Association maintains a map of hydrant locations. Hawkins answered that we do, and that the fire districts also have maps of fire plugs.

MOVED BY Loretta Molitor

SECOND BY Roy Wolf to accept the financial report.

MOTION CARRIED by voice vote, with no opposing votes.

Dan Hawkins then reported on construction projects for the past year. The first was the completion of the Redlands Mesa line, which was the steep portion up the northwest face of the mesa. He said that portion was difficult and expensive because of the terrain.

Next was about three-fourths mile of pipe running east from 2600 Road and P Road. The line was built to serve a minor subdivision, an existing tap which had never been installed, and four parcels of land on the east end of Cedar Mesa.

Hawkins said the largest and most costly project for 1999 was an eight-inch steel line along 2725 Road. He said the route has been seen for some time as a possible secondary supply line for Redlands, routed through cactus park, and up onto the high point of Cedar Mesa where a storage tank will be constructed in the future. The immediate reason for constructing the 2725 portion of the line was that several residents of Currant Creek and Dry Creek have suffered frequent outages because the old Cactus Park line no longer supplies enough water.

Currant Creek resident John Vaisvil asked if his service line will be endangered by higher pressure from the new pipeline on 2725 Road. Hawkins answered that a pressure regulator will keep that area at about the same pressure it has now.

Hawkins also reported that the Association had purchased a backhoe. He said we have never owned a backhoe, but have relied on being able to hire, rent, or borrow one to fix leaks and perform other maintenance. He said this has become a more difficult proposition as the system has grown. The cost of the machine is being split between this year and the year 2000.

Chairman Figueroa then called for old business. Hearing none, he then called for new business. Amy Daniels asked how long the Association could supply water in the absence of electricity, in case the Y2K computer problem disables the power system. Figueroa replied that enough treated water is stored to last at least a week, and that since the system is gravity-operated, everybody would receive water, even if it is untreated. Ms. Daniels asked when she should plan to boil water to purify it. Figueroa said users would be advised if it becomes impossible to treat water.

Rita Trninich asked if Association members will have to turn over their taps to the Town of Cedaredge if the Town annexes an area served by the Association. Figueroa answered that the Town is working with the Association to establish an overall operating agreement that establishes service areas, among other issues. He said he is not aware of any plan to annex areas presently served by the Association. He said he did not believe that an Association membership and its implied water rights could be summarily confiscated in any case.

John Vaisvil asked what happens to water that is not used by the Association in any year. Figueroa explained that the priority system of water management allows unused water to go to the next junior allotment holders, and on down the line, or to be stored and carried over to the next year. He said that it is seldom wasted or lost.

David Hagadorn said he believed the Association and Town should have a formal contingency plan in place to deal with Y2K or any other emergency that threatens our water supply. Figueroa said that although a formal plan does not exist, Town and Association personnel have talked about procedures that can be used to insure a continued supply of water. He said the only question would be the ability to treat the water, since gravity will always assure delivery of water.

Barbara Fick suggested that those who may be concerned about water shortages should practice conservation now, in order to learn just what their true water needs are. Figueroa said he could no longer bathe in the creek, because it had frozen.

Dan Hawkins presented the budget for Fiscal Year 2000. He pointed out that the line item called IRA Contribution is new. He said the Board had voted to implement a retirement plan for employees in which the Association matches the amount the employees deducts from salary to be placed in an IRA, up to a maximum of 3%.

Hawkins said the money budgeted for assets includes renovation of springs, upgrading the pipeline along 2420 Drive on the south end of Cedar Mesa, rebuilding several valve houses, replacement of an old piece of thin-wall plastic pipe on Redlands, making a payment for water shares, and paying off the remainder of the backhoe.

MOVED BY Dayton Myers Sr.

SECOND BY Rita Trninich to approve the budget for Fiscal Year 2000

MOTION CARRIED by voice vote, with no opposing votes.

Chairman Figueroa announced that the two-year term of office had expired for four directors: Wayne McPherson of Cedar Mesa, Kelly Peterson of Surface Creek, Bryan Klaseen of Redlands Mesa and Ellis Fritchman, Member-at-Large. Mr. Figueroa then called for nominations for the director from Surface Creek.

MOVED BY Roy Wolf,
SECOND BY Phil Pinel, than nominations be closed and the four incumbent directors be re-
elected by acclamation.
MOTION CARRIED by voice vote, with no opposing votes.

Mr. Figueroa asked if there was any other business to come before the meeting. Hearing none, he thanked the members for allowing him to lead the Association, and declared the meeting adjourned at 9:20 p.m. Members were invited to stay and visit over coffee and cookies.

Respectfully Submitted,



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Minutes of Board Meeting
December 14, 1999

The meeting was called to order by Jerry Figueroa at 9:30 p.m. immediately following the Annual Stockholders meeting at the Cedaredge Community Center. All directors were present, except for Ellis Fritchman. The primary purpose of the meeting was to organize the Board and appoint a Secretary-Treasurer.

MOVED BY Wayne McPherson,
SECOND BY Kelly Peterson to elect Jerry Figueroa Board President.
MOTION CARRIED with no opposing votes.

MOVED BY Kelly Peterson,
SECOND BY Wayne McPherson to elect Herman Kline Board Vice-President
MOTION CARRIED with no opposing votes.

MOVED BY Jerry Figueroa
SECOND BY Bryan Klaseen to appoint Dan Hawkins Secretary-Treasurer.
MOTION CARRIED with no opposing votes.

Dan Hawkins said John Hotchkiss had requested that the Association obtain a County Utility permit along M-50 Road from 2800 Road west about one-quarter mile. Hotchkiss had been unable to obtain the permit as a private party. The permit would cover a pipeline to serve the tap which has been granted to Shamrock Ranch, over the south edge of Redlands. Hawkins asked if the Association should upgrade the line to a four-inch size and assume ownership of the line.

MOVED BY Bryan Klaseen
SECOND BY John Hawkins to obtain the County permit and upgrade the size of the pipeline along M-50 road to four-inch. John Hotchkiss is to pay for line construction and the cost of 1-1/2" pipe.
MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:45 p.m.

Respectfully Submitted,



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
DECEMBER 14, 1999
Credential Committee Report

A quorum was met for the purpose of holding the 1999 Stock Holders Annual Meeting

One Hundred Thirty Eight (138) Needed for a Quorum

Thirty-three (33) Present

One hundred Eleven(111) Proxies

One Hundred Forty Four(144) Total

Mary Munger

Mary L. Munger

Mary Lou Marshall

Mary Lou Marshall

Betty Nelson

Betty E. Nelson

Judy MacKendrick

Judy MacKendrick

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Minutes of Annual Meeting
December 12, 2000

Chairman Jerry Figueroa called the meeting to order at 7:30 p.m. Secretary Dan Hawkins read the call of the meeting. A credentials committee made up of Mary Munger, Betty Nelson, Martha Grewal, and Helen Hawkins reported that a quorum was established. The final report of the committee showed 54 present, 152 proxies, for a total of 206.

Dan Hawkins read the minutes of the 1999 annual meeting.

MOVED BY Chuck Worley, ^{ASR}
SECOND BY Dayton Myers to approve the 1999 minutes as read.
MOTION CARRIED by voice vote, no opposing votes were heard.

Jerry Figueroa delivered the President's Report. He began by introducing the Board of Directors, all of whom were in attendance. He thanked the Board for their voluntary efforts and their wisdom in guiding the company.

Figueroa said first of all that there were no problems caused by computer date rollover- the "Y2K bug." He said a more real problem was the drought conditions, which caused heavy water use during the summer. Nevertheless, the Association only used about 20% of its stored water reserves during the year.

Figueroa said about 8,000 feet of new pipeline was constructed during the year, six new fire hydrants were installed, and six valve vaults received overhauls or improvements. He said it was necessary to abandon two stretches of old rusted-out galvanized pipeline that were built in the first year or two of the system's existence. He said improvements were being made to the headquarters building, with some concrete sidewalks and fenced-in storage.

Figueroa said several areas of the system had been identified that needed improvement. He said poor service and the need for more storage have led to plans for a new storage tank on BLM property at the high point of Cedar Mesa. He said there are several old galvanized or steel lines that are near the end of their useful life. He said problems with rust are causing the need for more frequent flushing, and that more stringent Health regulations may require additional chlorination of the water in some parts of the distribution system.

Figueroa closed his report by noting the loss of Wayne McPherson due to his death on November 17. He then showed a plaque in memory of Mr. McPherson, which is to be presented to his family.

Dan Hawkins presented the financial report for fiscal year 2000. The most noticeable deviations from the 2000 budget were that more taps were sold than anticipated, and the revenues from monthly water billings were higher than anticipated, due to heavy water use during the drought.

Amy Daniels said the Association should not have to pay sales tax. Hawkins said application for sales tax exemption had been made to the State Revenue Department, but had been denied.

MOVED BY Polly Hammer
SECOND BY Chuck Worley to approve the 2000 cash flow financial report.
MOTION CARRIED by voice vote, no opposing votes heard.

Dan Hawkins presented a report of construction on the water system during 2000. Included were three main line extensions, two instances where old lines were abandoned, several valve vault rehabilitations, fire hydrant installations, and the moving of a 30,000 gallon water tank which was acquired from the Town of Cedaredge for just the cost of moving it.

Polly Hammer asked if abandoning a water line implies vacation of the right-of-way easement. Hawkins said the two instances this year were in County Road right-of-way, so no private easement was involved.

Ben Faber asked the Association policy for fire hydrant installation. Jerry Figueroa said they are always paid for by the individual or group requesting the hydrant. Faber asked the dollar cost. Dan Hawkins said currently it is around \$1,600.

Jerry Figueroa explained that domestic and fire flow requirements are very different. He said the system is sized to meet the domestic demand, and that flow in most areas of the system is not considered adequate for fire protection by officially recognized standards.

Jerry Figueroa called for old business to be brought before the meeting. Hearing none, he moved on to new business, asking Dan Hawkins to outline the anticipated construction projects for 2001.

Hawkins said the major project would be a new storage tank on upper Cedar Mesa. He said the job would probably be spread out over two years, and cost between \$250,000-\$300,000. Hawkins said that the galvanized line along 2420 drive, from the south end of Cedar Mesa to Harts Basin, is being considered for replacement due to its small size, age, and rusted condition. The total distance is about three miles. He said there is also a half mile of plastic pipe on Redlands Mesa, along 2550 road that breaks often because of the inferior grade of pipe, and should be replaced.

The 30,000 gallon tank acquired from Cedaredge could be moved to Redlands Mesa and installed at the upper end of the system to improve storage, said Hawkins.

Bob Phillips asked if storage capacity in the system is increased, how many taps can the system sustain. Jerry Figueroa answered that it is estimated we can probably serve 1200-1400 taps, that the main restriction is our 20% share of the flow capacity in the common system. Phillips asked if Cedaredge would sell a larger share of the common system. Figueroa said the Town has not welcomed the idea.

Figueroa said State Health regulations are going to require an increased level of chlorine in all areas of the distribution system. If the Town is not willing to maintain a high enough concentration leaving the treatment plant, it may be necessary for the Association to install supplemental treatment stations to maintain the desired chlorine residual.

Ben Faber asked where water sample are taken. Dan Hawkins replied that a written plan must be approved by the State, and it will specify several sites scattered throughout the system.

Jerry Figueroa then called for presentation of the proposed budget for 2001. He said the Board had considered two alternated budget proposals, and had decided to place both of them before the members for consideration.

Dan Hawkins read through the budgets. Budget (1) called for an increase in the membership fee to \$7,000, and in increase in the monthly minimum charge to \$20. It provided for the hiring of an employee at half time. Budget (2) called for a membership fee of \$7,000 and a monthly minimum of \$23, and allowed for the hiring of a full-time employee.

Jerry Figueroa pointed out that both budget proposals included an increase in the membership fee. He said this figure is written into the by-laws, and that to change it requires a motion to amend Article III, Section 1. He called attention to the proposed new wording of the section which was included in a handout available at the credentials table.

Several members suggested that the by-laws ought to be amended to remove the membership fee amount, and allow it to be changed in the future without disturbing the by-laws each time. John Hawkins said such an amendment would have to be done next year at the annual meeting, after due notice to the members.

MOVED BY Gary Richardson,

SECOND BY Don Craig, to consult our Attorney and seek to amend Article III, Section 1 of the by-laws, removing the dollar amount of the membership fee from the text, and allowing for changes to the fee without disturbing the by-laws.

MOTION CARRIED by voice vote, no opposing votes were heard.

MOVED BY Gary Richardson,

SECOND BY Don Crag, to amend Article III, Section 1 the by-laws to read as follows:

“Persons who own real property or who reside in the area served by this Association, as described in the Certificate of Incorporation, and, considering the needs of users who may already be members, for whom the Association has an adequate supply of water, and can serve without undue hardship, inconvenience or expense, shall be eligible for membership upon application in such forms as provided by the Association and upon payment of a membership fee of Seven-Thousand (\$7,000.00) Dollars. Said payment to be for one membership for one residence only and for one 3/4 (three quarter inch) tap served through a 5/8" by 3/4" (five eighths inch by three quarter inch) meter or equivalent; larger sized taps may be allowed at the discretion of the Board of Directors at a price to be established by the Board of Directors; effective upon adoption.”

DISCUSSION: Lou Bickmore asked why only raise the fee to \$7,000. Stan Adams asked the same question, suggesting that \$8,000 or \$10,000 might be more appropriate to accumulate funds to meet growth demands. Roy Wolf said too high a fee would hurt some present residents. He said not all people needing to buy taps are newcomers.

Kelly Peterson said the Association is not able to accumulate large funds for future needs because of the IRS rules governing non-profit organizations exempt from income tax. He said we are generally expected to spend 85% of the revenues received each year, but that exceptions could be made for special circumstances. Jerry Figueroa said that this year, there was a carry-over of some excess funds in anticipation of the new Cedar Mesa tank expense.

Polly Hammer called for a vote.

MOTION CARRIED by majority voice vote. Several opposing votes were heard.

Jerry Figueroa then returned the discussion to the budget proposals. Polly Hammer and Chuck Worley both said an increase in the minimum base rate would hurt those on a fixed income. Ben Faber asked why a 33% increase was suddenly being proposed. Dan Hawkins said that the minimum had remained unchanged for eleven years, while inflation accumulated. He said the Board has always been reluctant to raise rates, but the company must remain economically viable.

Chuck Worley said additional revenues should be obtained by more aggressive rates for overuse, which would also encourage conservation. Dan Hawkins said most of the members already conserve,

and use at or below the base allowance of 7,500 gallons per month. Bob Phillips said even heavy overuse, such as occurred last summer does not generate a significant amount of revenue.

Ben Faber said the increase in rates should apply to all categories of use, that an increase in the minimum punished the low users unfairly. Billy Gibson said everybody already pays more for higher overuse; that is part of the escalating rate structure.

Bill Frazer asked what budget proposal the Board favors. Kelly Peterson said he can see that another full-time employee is going to be needed in a year or two at the latest. He said the rate proposal of budget (2) would probably be back before the members next year, regardless. Jerry Figueroa said Dan Hawkins no longer has time to assist with work in the field, but needs to concentrate on the increasing administrative workload.

MOVED BY Gary Richardson

SECOND BY Duane Johnson to adopt budget proposal (2) for 2001

MOTION CARRIED by majority voice vote. Several opposing votes were heard.

Jerry Figueroa announced that directors terms were expiring for himself, John Hawkins, and Herman Kline. He called for nominations for the Surface Creek Area position held by Kline.

MOVED BY Pete Klaseen,

SECOND BY Polly Hammer to close nominations and declare Hawkins, Figueroa and Kline to be re-elected by acclimation.

MOTION CARRIED by voice vote with no opposing votes.

Jerry Figueroa then called for nominations to fill the position of Cedar Mesa director currently held by appointed interim director Donn Ferganchick. The term would be for one year.

John Hawkins nominated Donna Ferganchick.

Roger Lowry nominated Don Craig.

Jerry Figueroa nominated Bob Tramp.

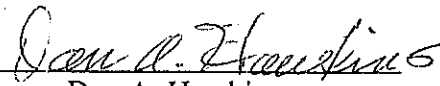
MOVED BY Dayton Myers, SR.

SECOND BY Gary Richardson that nominations cease.

MOTION CARRIED by voice vote, no opposing votes were heard.

After the candidates were given an opportunity to speak before the members, an election was carried out by secret ballot. The credentials committee presented the results to chairman Jerry Figueroa, who announced Donna Ferganchick elected to the Cedar Mesa director position for a term of one year.

There being no other business, the meeting adjourned at 10:30 p.m.

Respectfully Submitted, 
Dan A. Hawkins
Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC WATER USERS ASSOCIATION
P.O. Box 70 - Cedaredge CO 81413- (970) 856-7199

December 12, 2000 Annual Stockholders Meeting
Credential Committee Report

Present	Fifty-four	54
Proxies	One-Hundred Fifty	<u>152</u>
Total	Two-Hundred Six	<u>206</u>

Mary Munger

Mary L Munger

Betty Nelson

Betty Nelson

Martha Grewal

Martha Grewal

Helen Hawkins

Helen Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Minutes of Organizational Meeting
December 12, 2000

President Jerry Figueroa called the meeting to order at 10:30 p.m. immediately following the Annual Stockholders' Meeting at the Cedaredge Community Center. Board Members present were Jerry Figueroa, Herman Kline, John Hawkins, Kelly Peterson, Bryan Klaseen, Ellis Fritchman, and Donna Ferganchick. Chairman Figueroa said the purpose of the meeting was to select officers for the coming year.

MOVED BY Ellis Fritchman

SECOND BY Kelly Peterson to retain the officers- President: Jerry Figueroa, Vice-President: Herman Kline.

MOTION CARRIED with no opposing votes.

MOVED BY Kelly Peterson

SECOND BY Bryan Klaseen to appoint Dan Hawkins as Secretary-Treasurer.

MOTION CARRIED with no opposing votes.

The meeting adjourned at 10:35 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary-Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION**

Board of Directors Meeting (Special)
December 20, 2000

Jerry Figueroa called the meeting to order at 2:30 P.M. at Berardi's Restaurant (The Divot). Board members present were Jerry Figueroa, John Hawkins, Kelly Peterson, Herman Kline, Donna Ferganchick, Bryan Klaseen and Ellis Fritchman. Also present was Dan Hawkins.

After a lunch for the Board Members and families, Jerry Figueroa called a special session to consider the raw water tap settlement and the Town of Cedaredge/USCDWUA operating agreement, both of which were adopted by the Town on December 13.

Figueroa explained that the raw water tap settlement calls for a payment of \$8,000 per tap to the owners of four raw water taps which were disconnected from the common line above the treatment plant. USCDWUA will participate in three of those payments, for a total payment of \$4,800.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept and participate in the Raw Water Settlement Agreement as adopted by the Town of Cedaredge.

MOTION CARRIED with no opposing votes.

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to adopt and ratify the Operating Agreement made between the Town of Cedaredge and USCDWUA.

MOTION CARRIED with no opposing votes.

Meeting adjourned 2.45 P.M.

Respectfully Submitted,



Dan A. Hawkins
Secretary-Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION**

**MINUTES OF ANNUAL STOCKHOLDERS MEETING
DECEMBER 11, 2001**

Chairman Jerry Figueroa called the meeting to order at 7:30 p.m. in the Cedaredge Community Center. Secretary Dan Hawkins read the call of the meeting.

A credentials committee had been appointed prior to the meeting, made up of Mary Munger, Martha Grewal, Mary Lou Marshall, and Helen Hawkins. The committee reported that there were 724 members in the Association. A quorum would require 145 represented at the meeting. The committee reported that 211 members were represented, 43 in person and 168 by proxy. Chairman Figueroa declared a quorum.

Dan Hawkins read the minutes of the 2000 Annual Meeting. Jerry Figueroa asked for any additions or corrections.

MOVED BY Bryan Klaseen,

SECOND BY Ellis Fritchman to approve the minutes as read.

MOTION CARRIED by voice vote, no opposing votes were heard.

Jerry Figueroa welcomed the members, and invited their questions and input during the meeting. He introduced the Board of Directors, and thanked them for their time and work as volunteers to guide the Association. He then gave a report on the activities of the Association, saying that 10,000 feet of aging and undersize pipelines were replaced, and that more such projects will be required in the future as the system approaches 50 years of age.

Dan Hawkins presented a cash flow report for the year 2001. Judy Mason asked what the cash received as Members Contributions to Capital Improvement was for. Hawkins said that when Association pipelines or other facilities are built for the benefit of one member, or group, they are required to reimburse the construction costs. Examples would be a fire hydrant or a new subdivision supply line.

MOVED BY Chuck Worley

SECOND BY Dayton Myers, Sr. to accept the 2001 cash flow report as presented.

MOTION CARRIED by voice vote, no opposing votes were heard.

Dan Hawkins reported on construction projects during the year. He explained the notations on a system map included in the handout. Four sections of pipeline were built, three of which were replacements of old and undersized pipes. There were five new fire hydrants installed, three radio telemetry stations, and five automatic flushing stations.

Mike Mason asked about the automatic flushing stations. Hawkins said they are being used to improve water quality where there is little demand on a pipeline, and/or dead end lines.

They are programmed to open a valve to flush the line for a preset time period. The time of day is set between midnight and 4:00 a.m. to minimize inconvenience. It was asked how much water is wasted by the flush stations. Hawkins said he had made a projection for the Board that showed each station would, over time, use about the same as an average tap.

Hawkins said the telemetry stations are being used to monitor tank levels and line pressures at critical spots on the system. Presently, there are two on Redlands Mesa, plus the base station at the Association office. He said at least three more stations are planned.

Jerry Figueroa asked for old business. Hearing none, he said that at the 2000 annual meeting, a motion was passed instructing the Board to investigate amending the By-Laws, specifically Article III, Section 1, by removing the dollar amount of the Membership Fee. The reason was that, each time the fee is changed, the By-Laws need to be amended to reflect the new dollar amount. Jerry called attention to the text of the proposed change, included in the handout.

Bob Evans asked why having the dollar amount in the By-Laws was a problem. Jerry said the membership at the 2000 meeting felt it was cumbersome to go through the amendment process each time.

Bob Phillips said an advantage to having the dollar amount in the By-Laws is that it requires the intended fee change to be included in the Call of the Meeting, and that members might not otherwise know that a fee change was under consideration. Chuck Worley said he agreed that full disclosure of intended fee changes should be made before the meetings.

Jerry Figueroa replied that it is always the intent of the Board to keep the members aware of proposed fee or water rate changes. He said the reason to consider the amendment was to streamline the process and remove a dollar figure that has been changed quite often in the history of the Association. After further discussion, it was

MOVED BY Bob Phillips,

SECOND BY Roy Wolf to adopt the following wording for Article III, Section 1 as an amendment to the Association By-Laws:

Section 1. Persons who own real property or who reside in the area served by this Association, as described in the Certificate of Incorporation, and, considering the needs of users who may already be members, for whom the Association has an adequate supply of water, and can serve without undue hardship, inconvenience or expense, shall be eligible for membership upon application in such forms as provided by the Association and upon payment of a membership fee. **The membership fee shall be set by the Board of Directors, effective upon ratification by the stockholders at any regular or special membership meeting.** Said payment to be for one membership for one residence only and for one $\frac{5}{8}$ " by $\frac{3}{4}$ " (five-eighths inch by three-quarter inch) meter or equivalent; larger sized taps may be allowed at the discretion of the Board of Directors at a price to be established by the Board of Directors; effective upon adoption.

MOTION CARRIED by voice vote, two opposing votes were heard.

Chairman Figueroa then called for new business. Chuck Worley asked, since flushing lines is a necessity, could a fire hydrant be used as a flushing point. Mr. Figueroa said hydrants are commonly used to flush lines. Mr. Worley said he lives at the end of a dead-end 2-inch line, and would like a fire hydrant there. Mr. Figueroa said fire hydrants are not recommended on a two-inch line because of the poor volume available for fire fighting. Dan Hawkins said the Worley 2-inch line is relatively short, with four taps using from it, so stagnation should not be a worry there. Jerry Figueroa invited Mr. Worley to make a proposal to the Board if he is interested in a fire hydrant or other flushing device on the line.

A question was asked about the increased chlorine smell in the water Dan Hawkins said more chlorine is being added than in previous years to meet higher residual levels required by laws. Also, the Town of Cedaredge has simultaneously increased their storage and reduced their demand, and therefore might be having trouble maintaining adequate residuals in their system.

A question was asked about the method of chlorination used. Hawkins said it is a gas chlorine, continuous-feed system, with the dosage depending on the rate of water flow.

Dan Hawkins presented the proposed budget for Fiscal Year 2002.

MOVED BY Dayton Myers, Sr.

SECOND BY Mildred Hamilton to approve the 2002 budget as presented.

MOTION CARRIED by voice vote, no opposing votes were heard.

Jerry Figueroa announced that the following directors' terms have expired:

Bryan Klaseen, Redlands Mesa
Donna Ferganchick, Cedar Mesa
Kelly Peterson, Surface Creek
Ellis Fritchman, Member at Large.

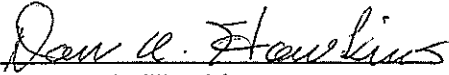
Mr. Figueroa asked for nominations to fill the Redlands Mesa position. No nominations were made.

MOVED BY Mildred Hamilton

SECOND BY Bob Phillips that nominations be closed and that the incumbent directors be re-elected by acclamation.

MOTION CARRIED by voice vote, no opposing votes were heard.

Chuck Worley moved to adjourn. Chairman Figueroa declared the meeting adjourned, and invited all to stay for coffee and cookies provided by Mrs. Gertrude Myers.

Respectfully Submitted, 
Dan A. Hawkins
Secretary-Treasurer

Upper Surface Creek Domestic
Water Users Association
Minutes of Annual Stockholder's Meeting
December 10, 2002

Chairman Jerry Figueroa called the meeting to order at 7:05 p.m. in the Cedaredge Community Center. Association Secretary Dan Hawkins read the Call of the Meeting. Mr. Figueroa then introduced the members of the Board of Directors: Herman Kline, Ellis Fritchman, Bryan Klaseen, John Hawkins, Kelly Peterson, and Donna Ferganchick and himself. He also introduced attorney Aaron Clay and engineer Leroy Black.

The Chairman asked for a report from the Credentials Committee. The Committee, composed of Mary Munger, Martha Grewal, Donald Ahern, and Janice Kennedy reported that 227 members were represented. A quorum consisted of 149. The Chairman declared that a quorum existed. The final report of the Credentials Committee listed 127 members present and 176 proxies, for a total of 303.

Dan Hawkins read the minutes of the 2001 Annual Stockholders Meeting. There were no additions or corrections offered. It was

MOVED BY Polly Hammer

SECOND BY Bryan Klaseen to approve the 2001 minutes as read.

MOTION CARRIED by voice vote, no opposing votes were heard.

Mr. Figueroa then gave his President's Report. He said the most significant feature of the year was the drought and its effect on the Association. He reported that, despite starting the year with a very low level of storage in the Grand Mesa reservoirs, the Association finished the year with 45% of its stored water unused. He attributed this to voluntary conservation by the members. He said this was accomplished without the Board imposing mandatory restrictions or surcharges.

He said that important business was on the agenda ahead, and invited the members to fully participate in the discussion and ask questions as we proceed. He said the Association belongs to the members, and that the members will ultimately direct the company.

Dan Hawkins then delivered the cash flow financial report for the 2002 fiscal Year. He invited questions over any of the expenditures.

Juleen Feazell asked about a discrepancy between the budgeted amount of \$15 thousand for building and land versus the \$170 thousand actually spent. Hawkins said the expenditure was for a 21-acre parcel of land on 2500 Rd. north of U50 which became available during the year. The land is attractive as a potential treatment plant site. The need for a treatment plant had not been anticipated in the budget, Hawkins said, and would be discussed fully under new business.

Mike Mason asked if the cash received under the description of "Grants/loans" was a grant or a loan. Hawkins answered it was a loan from the First State Bank in Hotchkiss.

Melanie Son asked why less money was spent on the distribution system than was budgeted. Hawkins answered that a major part of the budgeted expenditure for the distribution system was for a new steel storage tank on Cedar Mesa. He said that the plan for the tank was changed during the year. Instead of a large steel tank, an underground concrete tank is planned

which can be started at a small size, and expanded in the future as the need for storage increases. He said the money expected to be used for the tank was used for the property instead.

Rick Silverberg asked how many gallons of water were treated for the \$29,615 listed under water treatment expense. Hawkins explained that the expenditure was for eleven months, because the bill for November had not been received. He said that in twelve months the Association used approximately 80 million gallons.

There were no further questions, and it was

MOVED BY Polly Hammer

SECOND BY Louis Bickmore to accept the cash flow financial report as presented.

MOTION CARRIED by voice vote, no opposing votes were heard.

Dan Hawkins reported on construction projects completed during the year. Included were several sections of pipe totaling about 8,000 feet and several valve vault rebuilds. Chuck Worley asked what type of pipe was used. Hawkins said PVC was the preferred material, with steel being used in high pressure areas. Mike Mason asked if polyethylene pipe had been considered. Hawkins said no, that he had not seen a need to change from PVC.

Chairman Figueroa called for old business. None was presented, so the agenda proceeded to new business. Mr. Figueroa said the major items to consider were the construction of an Association treatment plant, and separating from the Town of Cedaredge. He said that a number of factors had convinced the Board that the Association should take those steps. He cited disputes with the Town over billing and plant operation, as well as a general lack of understanding between the parties. He said the inability of the Association to obtain a greater share in the system will hamper our ability to meet the demands of growth.

Mr. Figueroa said the Board decided to purchase property on 2500 Road and conduct a feasibility study to see if a treatment plant could be located there, taking water directly from Surface Creek. He said if the members decide not to pursue the project, the land can be sold to recoup the money spent. He stressed that the Board does not intend to proceed without approval from the members, and urged everybody to participate in the discussion. He then turned the meeting over to Dan Hawkins to explain the details of the proposed plant.

Hawkins said that he and Dayton Myers investigated several different vendors of water treatment equipment, with an emphasis on membrane technology. He said it appears that membrane filters, also known as microfilters, offer the best hope of meeting the increasingly strict regulations on drinking water. He said that one company, the Pall Corporation, appears to have a successful system, with several installations in Colorado. Hawkins then introduced Bill Peretti, an engineer for the Pall Corporation and Mark Sampson, a manufacturer's representative.

Mr. Peretti and Mr. Sampson conducted a slide show illustrating the features of their product. They then took questions from the members for approximately thirty minutes. They then excused themselves from the meeting, as they needed to drive to Denver.

A lengthy discussion followed, with many questions from the members which were answered by Dan Hawkins, Aaron Clay, and members of the Board. It was brought out that the estimated cost of the project would be one million dollars; that the Board intended to seek grants and loans to fund the project; that if no grants were obtained, an increase of \$4 per month in the base rate might be needed. Also discussed was that the Association would be required to spend

an equivalent amount of money to stay with the Town in order to rebuild the raw water collection system and to upgrade the existing treatment plant.

Aaron Clay addressed questions related to water rights. He said that a new point of diversion will need to be obtained, transferring the Association's Alfalfa Ditch rights from the spring collection system to an intake on Surface Creek. He also said that the stored water owned by the Association needs to be changed from irrigation to domestic use, a process which, by law, will reduce the amount of water available. He said this loss may be avoided by an effort to convert all of Leon Reservoir to domestic water. An application has been filed with the State to do this.

After further discussion, it was

MOVED BY Roy Wolf

SECONDED BY Bill Boyd to proceed with plans to separate from the Town of Cedaredge and build a water treatment plant, provided that major issues do not arise which materially change the information presented at this meeting.

MOTION CARRIED by voice vote. Three dissenting votes were heard.

Mr. Figueroa next called for consideration of a resolution authorizing the Association to acquire federal funding. Dan Hawkins read the resolution, and explained that it is required in the application process for USDA. Rural Development Administration and other agencies.

MOVED BY Jim Davis

SECONDED BY Wayne Grantham to adopt a resolution authorizing the Association to seek and accept federal assistance up to \$1 million in grants and \$600 thousand in loans.

MOTION CARRIED by voice vote. No dissenting votes were heard.

A proposed budget for 2003 was presented. Dan Hawkins said it was prepared with the idea that most of the capital improvement expenditures would go toward construction of the treatment plant, approximately one-half of which is planned to be completed in 2003.

MOVED BY Mike Mason

SECONDED BY Mildred Hamilton to approve the budget as presented.

MOTION CARRIED by voice vote, no dissenting votes were heard.

The chairman then opened the floor for nominations for the Board of Directors. Those whose terms had expired were Jerry Figueroa, Cedar Mesa; John Hawkins, Redlands Mesa; Herman Kline, Surface Creek.

MOVED BY Mildred Hamilton

SECONDED BY George Peck to close nominations and cast a unanimous ballot for the three directors whose terms have expired.

MOTION CARRIED by voice vote, no dissenting votes were heard.

Chairman Figueroa then called for any other business to come before the meeting.

MOVED BY Brad Burritt

SECONDED BY Chuck Worley to make a public statement that the Association opposes coal bed methane development within our watershed area, and supports the efforts of the Delta County Commissioners to regulate such development.

MOTION DEFEATED by voice vote.

Polly Hammer commented that it is common for the outgoing board members to be reelected year after year. She observed that this could be due to the lateness of the hour and the eagerness of everyone to go home. Herman Kline said that if board members truly do not wish to be reelected, they can say so well in advance of the meeting in order that replacement candidates can be identified.

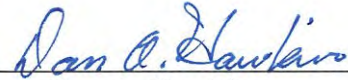
MOVED BY Polly Hammer

SECONDED BY Loretta Molitor to form a nominating committee to bring a slate of candidates before each annual meeting for consideration.

MOTION DEFEATED by voice vote.

The chairman declared the meeting adjourned. All those still at the meeting enjoyed coffee and cookies baked by Mrs. Bonnie Kline.

Respectfully Submitted

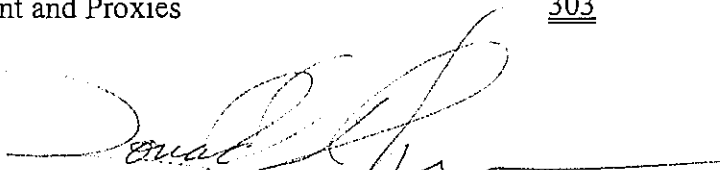


Dan A. Hawkins

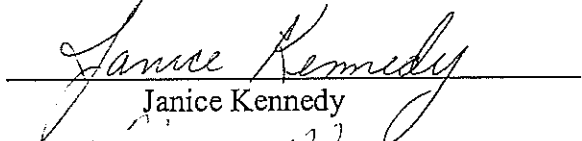
Secretary-Treasurer

Upper Surface Creek Domestic Water Users Association
ANNUAL MEETING
Credential Report
December 10, 2002 - 7:00 p.m.

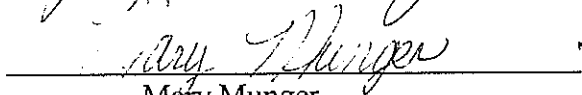
Number of members Present	127
Number of proxies	<u>176</u>
Total Present and Proxies	<u>303</u>



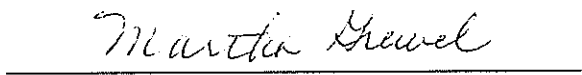
Donald Ahern



Janice Kennedy



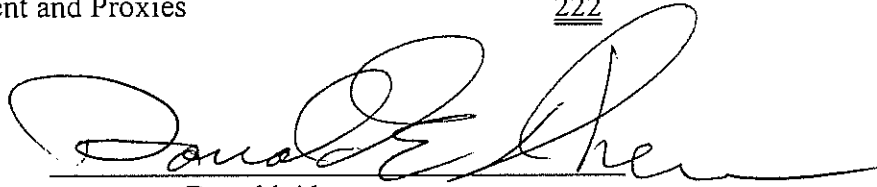
Mary Munger



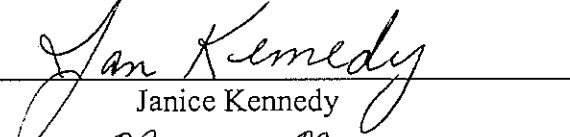
Martha Grewel

Upper Surface Creek Domestic Water Users Association
ANNUAL MEETING
Credential Report
December 9, 2003 - 7:00 p.m.

Number of members Present	77
Number of proxies	<u>145</u>
Total Present and Proxies	<u>222</u>



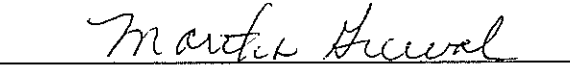
Donald Ahern



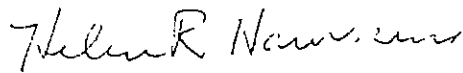
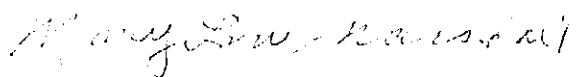
Janice Kennedy



Mary Munger



Martha Grewel



Upper Surface Creek
Domestic Water Users Association
P.O. Box 70, Cedaredge, CO 81413

Minutes of Annual Stockholders Meeting
December 9, 2003

Chairman Jerry Figueroa called the meeting to order at 7:00 p.m. in the Community Center, Cedaredge, Colorado. Secretary Dan Hawkins read the call of the meeting, as published in the Delta County Independent and Mountain Valley News.

A credentials committee had been formed in advance of the meeting, composed of Helen Hawkins, Mary Munger, Martha Grewal, Mary Lou Marshall, Janice Kennedy, and Don Ahern. Helen Hawkins reported on behalf of the committee that 39 members were present, and 121 proxies had been received, for a total representation of 160. A quorum consisted of 152. The chairman declared that a quorum existed. A final report by the credentials committee showed that 77 members attended in person, with 145 proxies, for a total of 222.

Minutes of the 2002 annual meeting were read by Dan Hawkins. There were no corrections or additions offered. It was

MOVED BY Dayton Myers Sr.

SECONDED BY Bryan Klaseen to approve the minutes as read.

MOTION CARRIED by voice vote; no opposing votes were heard.

Mr. Figueroa presented his report to the members on the activities of the Association in 2003. He began by thanking the Association staff and Board of Directors. He then thanked the members for their interest and participation in the affairs of the Association. He encouraged their active participation throughout the meeting.

The chairman then reported that growth in membership had not been as expected. The budget forecast for tap sales was 23, but only 16 were sold. This created a shortfall in revenues of \$49,000 which made it necessary to curtail some planned capital expenditures.

He said the efforts toward the new treatment plant consisted of negotiating a land exchange, obtaining easements, engineering, and negotiating the many bureaucracies involved in permitting the different parts of the project. He said the project is behind schedule due to delays in obtaining several key permits. Construction on the plant consisted of building an access road into Surface Creek, completing the creek intake structure, clearing the plant site, and obtaining Power and telephone service to the site.

Mr. Figueroa said that many sources of funding have been investigated, and that it has become apparent that several grants which were believed to be available are intended for governmental entities, not private water systems. Also, granting agencies tend to favor consolidation of water systems over separation, which again works to our disadvantage.

He reported that Donna Ferganchick resigned from the Board of Directors because she moved out of the area. Bob Tramp was appointed by the Board to fill the vacancy until the next election.

The Chairman concluded by saying that a new chapter in the history of the Association is

beginning, and the Board will rely on the guidance of the members to act in their best interest

Treasurer Dan Hawkins then presented the financial report for 2003. He explained some discrepancies between what had been budgeted and what actually occurred. It had been anticipated that \$500 thousand would be spent to begin construction of the new treatment plant, funded by a loan or grant in the amount of \$400 thousand. However, this did not occur because the necessary permits were not obtained in time to permit significant construction.

There were questions from the members about the decrease in cash reserves during the year. Hawkins explained that was primarily due to the shortfall in income from new tap sales. The budget had envisioned a decrease in cash reserves, but the situation was made worse by the loss of new tap revenue.

Dennis Grunkemeyer asked about the source of the \$31,660 listed as "Miscellaneous Cash Receipts." Hawkins said that was cash received for the sale of a portion of the property originally purchased for the new treatment plant. It was listed as miscellaneous because it was a rare source of income that is not expected to recur.

Hawkins pointed out that the payments to the Town of Cedaredge for water treatment expense were about \$25,000 less than what was actually billed. He said the underpayment reflected the Board's position that the charges were made in violation of the Association's operating agreement with the Town. Per the agreement, upgrades and other major expenditures made on the common system must have the written concurrence of the Association. After the boil order which occurred in April and May, the Town undertook significant upgrades to the treatment plant without consulting the Association or obtaining its concurrence. Hawkins said he expects the disputed charges and underpayment will be settled through legal action in the near future.

Chairman Figueroa then asked for a motion to dispose of the financial report. It was

MOVED BY Gary Richardson

SECONDED BY Polly Hammer to accept the 2003 Financial Report as presented.

MOTION CARRIED by voice vote, no opposing votes were heard.

Old business was then called for. Hearing none, the chairman called for new business. Cindy Beach asked if the Association has considered changing its status to a taxing district or other governmental basis in order to better qualify for grants or other financial assistance. Mr. Figueroa said it has not been investigated. Mrs. Beach then asked if the Association has sought the assistance of professional grant writers. The chairman replied that assistance has been sought from the USDA Rural Development office, and that the Association has become a member of Painted Sky, an organization devoted to fostering rural development.

Mike Mason asked if the Association would expect to incur capital costs nearly equivalent to the new treatment plant if it elects to stay with the Town of Cedaredge instead of proceeding with our own plant. Jerry Figueroa replied that this is one of the factors driving the decision to split from the Town. Another is that the operating agreement signed three years ago has not served to protect the Association from Town actions that we do not agree with.

A question was asked about the status of negotiations with the Town concerning a buyout of the Association share of the common system. The chairman answered that the process has not started yet, but Attorneys for the two entities are working to get it started.

A member asked if a change in point of diversion has been granted allowing water to be taken from Surface Creek at the desired location. Mr. Figueroa answered that it has been granted. Polly Hammer asked if progress is being made to change the use of the Association's reservoir water to domestic. The chairman answered that this issue is being approached by changing all the water in Leon Lake to domestic. The change is not yet final, but is pending and expected to happen.

Jim Davis asked if a Pall membrane filtration system is still under consideration for the treatment plant. At this point, the chairman turned the podium over to Dan Hawkins to take more technically oriented questions. Hawkins replied to Mr. Davis that a Pall membrane filtration system is planned, and engineering drawings of the complete treatment plant were available for viewing at this meeting.

Stan Adams asked if a decrease in water quality can be expected because of a new intake on Surface Creek rather than from springs. Dan Hawkins said most of the raw water presently being used is actually surface water. He explained the treatment steps planned for the new plant, which include a sedimentation basin, roughing filters, chlorinc dioxide pretreatment, and final filtration by membrane technology.

A member asked how long it will take to pay off the treatment plant. Hawkins answered that the most probable commercial loans will have a 10 to 20 year term. He said budget projections of debt service are based on that payout time.

Dan Hawkins then presented the proposed budget for 2004. He explained that two budgets were included on one page. The first version was to illustrate that the treatment plant cannot be paid for while keeping the current tap price of \$7,000 and the current monthly minimum charge of \$23. The second budget is recommended by the Board of Directors. It proposes a tap price increase to \$8,000 and a monthly minimum charge increase to \$27.

Lou Bickmore asked why Member Contributions to Capital Improvement was budgeted at \$25,000 when only \$3300 was received in 2003. Hawkins answered that most of that amount had already been received in fiscal 2004, for a pipeline extension that was begun near the end of 2003.

A member asked if more employees would be hired to operate the new treatment plant. Hawkins said there are presently two Class A operators on staff, Dayton Myers and himself. No additional employees will be necessary. He said that if the Association were to continue paying the Town of Cedaredge for water treatment, he would expect the cost would be \$50,000 annually. He projected the cost of operating our own plant at less than \$20,000 annually.

Judy Mason observed that in previous years \$100,000 was typically budgeted for distribution system improvements, but only \$25,000 was provided in 2004. Hawkins said that in order to complete the treatment plant project, some distribution system improvements would need to be postponed.

A member asked if a \$4 per month increase in base rate is enough, and whether other scenarios were considered with higher base rates. Hawkins said no greater increase was considered, that \$4 was considered sufficient at this time.

Reg Cridler suggested that additional revenue be generated by increasing the cost per thousand gallons of water. Hawkins said experience has shown that not much additional revenue is generated by raising the cost of water. However, he said the Board of Directors could raise water rates at any time, if it seems advantageous.

Dennis Grunkemeyer asked what are the current liabilities of the Association. Hawkins replied that approximately \$50,000 is owed to the First State Bank of Hotchkiss, and potentially \$25,000 is owed to the Town of Cedaredge in disputed water treatment billings.

After further discussion, Jerry Figueroa asked for a motion concerning the Budget. John Hawkins suggested that per the bylaws, there should be a separate motion to ratify the Board's proposed new membership fee. Mr. Figueroa then called for a motion to set the membership fee.

MOVED BY Roy Wolf

SECOND BY Gary Richardson to set the price of membership at \$8,000.

MOTION CARRIED by voice vote, one dissenting vote was heard.

The chairman then asked for a motion concerning the 2004 budget.

MOVED BY Gary Richardson

SECOND BY Polly Hammer to approve the budget recommended by the Board of Directors, identified as budget (2) on the sheet provided.

MOTION CARRIED by voice vote, one dissenting vote was heard.

Jerry Figueroa then announced that terms for Bryan Klaseen, Bob Tramp, Kelly Peterson, and Ellis Fritchman have expired. He said the four members have agreed to be candidates for re-election. Mr. Figueroa then declared the meeting open for nominations for the four director positions.

MOVED BY Jess Marshall

SECOND BY Bob Phillips to close nominations and declare the four incumbent Board Members elected by acclamation.

MOTION CARRIED by voice vote, no dissenting votes were heard.

There being no further business presented, the meeting adjourned at 9:00 p.m. Members enjoyed coffee and cookies baked by Bonnie Kline.

Respectfully Submitted,



Dan A. Hawkins

Upper Surface Creek
Domestic Water Users Association
P.O. Box 70, Cedaredge, CO 81413

Minutes of Annual Stockholders Meeting
December 14, 2004

Chairman Jerry Figueroa called the meeting to order at 7:00 p.m. in the Community Center, Cedaredge, Colorado. A credentials committee was formed before the meeting, composed of Helen Hawkins, Mary Munger, Charlene Lawrence, Martha Grewal, Lois Sand, and Don Ahern. Helen Hawkins reported on behalf of the committee that 42 members were present, and 129 proxies had been received, for a total representation of 171. A quorum required 156. The chairman declared that a quorum existed. A final report by the credentials committee showed 68 members present, with 150 proxies, for a total of 218.

The chairman introduced the Board of Directors and employees of the Association, and thanked them for their service. He also introduced and thanked the members of the credentials committee.

Secretary Dan Hawkins read the call of the meeting, as published in the Delta County Independent and Mountain Valley News.

Minutes of the 2003 annual meeting were read by Secretary Dan Hawkins. There were no corrections or additions offered. It was

MOVED BY Bryan Klaseen
SECONDED BY Polly Hammer to approve the minutes as read.
MOTION CARRIED by voice vote; no opposing votes were heard.

Mr. Figueroa presented his report to the members on the activities of the Association in 2004. He said the most significant undertaking for the year, and possibly in the history of the company, was the construction of the new water treatment plant. The plant has been two years in the planning and the doing, and now is essentially complete, although not treating water just yet.

The president went on to report that a formal arbitration process was undertaken with the Town of Cedaredge to resolve disputed billings for water treatment. He said that it was learned that the operating agreement with the Town did not give the Association much control over operating practices on the common system. The judge did concur with about 75% of our arguments, but the financial award unfortunately did not reflect this. The Association was required to pay about 80% of the disputed billings.

Mr. Figueroa said there is much work remaining to be done to negotiate a settlement with the Town of our interest in the common system. He said a commercial appraiser was hired to evaluate the common system, and its worth was reported at \$2 million. That would make the Association's 20% interest worth \$400 thousand. For a time it appeared that a lawsuit was unavoidable, however there have recently been encouraging signs that the Town is willing to negotiate.

He reported that there was no major trouble with the distribution system during the year, which allowed time to focus on the treatment plant. He also said that for the past three years of severe drought, the Association has not suffered a water shortage or used up very much of its

stored reserves. There are now encouraging signs that the situation is improving with our snowpack containing roughly twice the water that it normally has at this time of the year. But, he said it is too early to declare the drought is over.

Mr. Figueroa concluded by saying that despite the cost of the treatment plant, the Association is thriving, and he is confident that we can continue our tradition as a competent water company. The Chairman then asked Dan Hawkins for a report on the treatment plant project.

Mr. Hawkins reported that to date, almost exactly \$1 million had been spent on the treatment plant. This included property purchase, and all other expenses related to the project. He said that more would be required in 2005 to finish the project. The largest single item still outstanding is the final payment for the Pall filtration equipment, which will come due after successful startup of the plant. He said that field technicians from the Pall corporation are scheduled assist in the startup beginning the first week in January.

The report concluded with showing about thirty slides which depicted the construction of the plant. Afterward, several questions from the audience were answered.

Chairman Figueroa then asked for presentation of the financial report for 2004. Dan Hawkins presented the report, and asked for questions. Dick Disner asked why more than \$40 thousand over budget was spent on water treatment. Hawkins explained that the Association went into 2004 with a disputed back bill from the Town, and that the amount grew as the year went on. The arbitration required the Association to pay nearly \$40 of the disputed amount.

There were further questions, and the discussion veered away from the financial report for a time. Mr. Figueroa said that Orchard City might be interested in having the Association treat some of their water that is not deliverable to their treatment plant, which is located in the Ward Creek drainage. One possibility might be using the 20% capacity the Association still owns in the Cedaredge treatment plant.

A question was asked about water wells being drilled in the Association service area. The chairman acknowledged that this is a concern for several reasons. There does not appear to be much that can be done to prevent this, given the manner in which water well permits are administered on the western slope. Reg Cridler said that the County Planning Commission and County Commissioners do have concerns about a proliferation of water wells, particularly in areas where the domestic companies are not longer issuing new taps, but growth and land development are happening anyway.

After more discussion, it was

MOVED BY Don Fick,

SECOND BY Kelly Peterson to approve the financial report for 2004.

MOTION CARRIED by voice vote, no opposing votes were heard.

The chairman then called for any old business to come before the meeting. Hearing none, he opened the floor for new business. A member asked about the possibility of an interconnecting line between our system and a neighboring water system such as Orchard City or the Town of Cedaredge for emergency supply. Mr. Figueroa replied that there is some thought being put into that idea, and he is researching possible sources of funding and governmental support for the idea. One possibility being explored is a three-way interconnection between the Association, Orchard City, and the Town of Cedaredge.

Ben Faber asked if the Town of Cedaredge decides to undertake major upgrades to their

plant while the Association is still a part owner, will we be obligated to pay a share of the upgrade cost. Mr. Figueroa replied that the operating agreement does give us the option to refuse to participate in any major expenditures. He said it is not certain what would happen if that option is exercised.

Bob Phillips said that previously the chairman had mentioned Orchard City having water rights that it could not use at its treatment plant. He asked what water rights those are. Mr. Figueroa said it is the flow decree in Surface Creek, represented by Alfalfa Ditch shares. He said that presently, the Association is using that water, and trading some reservoir water to Orchard City that they can use. He said it would be disireable for the Association to make this a permanent trade, as the Alfalfa Ditch water is usable by our new treatment plant.

The chairman then called for presentation of the proposed budget for 2005. Dan Hawkins presented the budget. He said the assumptions made in the budget were that we would sell 22 taps at the current fee of \$8,000, and that the current monthly minimum base charge would remain at \$27. He said that approximately \$275 thousand would be needed to complete the water treatment plant, which would be borrowed from Paonia State Bank, the major lender for the project.

Bob Phillips asked what sections of the distribution system were anticipated to be replaced in 2005. Mr. Hawkins said it would be the remainder of the galvanized line on 2600 Road at the south end of Cedar Mesa, and the galvanized line on the north segment of Hanson Road, north of Cedaredge.

After further discussion, it was

MOVED BY Bryan Klaseen,

SECOND BY Bob Phillips to adopt the 2005 budget as presented.

MOTION CARRIED by voice vote, no opposing votes were heard.

Mr. Figueroa then called for nominations to fill the positions of three directors whose terms expired: John Hawkins of Redlands Mesa, Jerry Figueroa of Cedar Mesa, and Herman Kline of Surface Creek.

MOVED BY John Ray Burritt

SECOND BY Roy Wolf that nominations cease and that the incumbent directors be elected by acclimation.

MOTION CARRIED by voice vote, no opposing votes were heard.

No further business being offered, the chairman declared the meeting adjourned, and invited the members to stay for coffee and cookies baked by Bonnie Kline.

Meeting adjourned at 9:15 p.m.

Respectfully Submitted: _____


Dan A. Hawkins, Secretary-Treasurer

Upper Surface Creek
Domestic Water Users Association
P.O. Box 70, Cedaredge, CO 81413

Minutes of Annual Stockholders Meeting
December 13, 2005

President and meeting chairman Jerry Figueroa called the meeting to order at 7:00 p.m. Secretary Dan Hawkins read the call of the meeting and reported the call had been sent to all members by mail and published in two local newspapers. Helen Hawkins reported that the Credentials Committee recorded 56 members in attendance, and 183 represented by proxy. The Chairman declared a quorum.

The secretary then read the minutes of the 2004 Annual Meeting.

MOVED BY Chuck Worley

SECONDED BY Dayton Myers to approve the minutes as read.

MOTION CARRIED by voice vote. No opposing votes were heard.

The secretary then introduced the members of the Credentials Committee, Donald Ahern, Mary Munger, Janice Kennedy, Martha Grewal, Helen Hawkins, and Scott Morse. He thanked the committee for their work, and also thanked Kathleen Morse for serving as recording secretary at the meeting.

Mr. Figueroa then delivered the Presidents Report to the Stockholders. He said the new water treatment plant was completed and began operation in the third week of January, 2005. He said the spring runoff from Grand Mesa was abnormally high due to abundant snowpack. The flood waters caused concern for the newly constructed water intake on Surface Creek, but no damage was suffered.

The Chairman went on to report some statistics on the Association. At the end of fiscal year 2005 there were 903 shares of stock, owned by 809 members. Assets totaled \$3.6 million, with debt liabilities at \$853 thousand. He said the system used 92 million gallons of water in the year. The annual water supply for the Association is 221 million gallons, but a lot of that is water which is decreed for irrigation, which cannot all be available for domestic use. He said a project is underway to convert Leon Lake to domestic water, which can then be exchanged for irrigating water, and will increase the Association's water reserves considerably.

He said negotiations are slowly proceeding with the Town of Cedaredge for the Town to purchase the Association's share of the Town water treatment plant. He also said a project is proposed to interconnect the Town, the Association, and Orchard City water systems for use in case of emergency when one system goes dry. He said that project is one aspect of the newly formed Grand Mesa Water Task Force, whose mission is to improve the water resources for those depending on the south side of Grand Mesa.

Secretary-Treasurer Dan Hawkins presented the 2005 financial statement. He explained that the statement is based on cash flow. Hawkins explained several areas where the actual income and expenses differed from what had been budgeted. He said the treatment plant had cost more to complete than expected, but that less money was borrowed than expected.

There was a question from the floor about water testing - why was it higher than expected. Hawkins said that because of the new treatment plant, the system is treated as brand new by the State. There are more tests during the first year of operation of a new system. In following years, the cost should go down.

Glen Schramm asked what were the terms of the loans. Hawkins said the loan from CWCB is 3.25% and thirty years. The loan from Paonia State Bank is at 6.5% with a thirty year amortization schedule, but a balloon payment is due in October of 2009. At that time, the loan is either paid entirely or re-financed.

Joe Marchun asked if water testing indicated any problem with the water. Hawkins said there were no problems.

MOVED BY Harry Masinton

SECOND BY Joe Marchun to accept the 2005 financial report as presented.

MOTION CARRIED by voice vote. No opposing votes were heard.

The Chairman then called for any old business to come before the meeting. Tim Peterson asked about the progress of replacing the pipeline along 2600 Road at the south end of Cedar Mesa. Mr. Figueroa answered that about 1½ miles of the line have been replaced, and about two miles remain. He said the upper section, along the grade above Phillips Orchard will be replaced in 2006. The lower section, ending in Hart's Basin, has not yet been scheduled.

The Chairman then moved on to new business. He reported that a number of pipelines on the system are made of steel and are developing significant corrosion, being 45 years old. He said the Board anticipates replacements of certain sections of the old lines, and that a replacement program will continue as finances permit, until all old rusting lines are replaced.

He also spoke on the concept of an interconnection between the Association, the Town of Cedaredge, and Orchard City. An engineering study has been undertaken to plan the best location. Initially it appears that Ute Trail road would be a feasible route for a pipeline that could connect all three systems. He said recent wildfires in the West have shown the catastrophic effect they can have on domestic water sources, due to loss of land cover resulting in erosion.

Secretary-Treasurer Dan Hawkins then presented the proposed budget for 2006. Two alternatives were presented - Budget #1 did not propose a change in the price of a tap or the monthly minimum charge. Budget #2 proposed raising the tap price from \$8,000 to \$10,000, and increasing the monthly minimum charge from \$27 to \$29. Hawkins said his opinion was that budget #1 provided insufficient operating income over expense - \$3,800. He said budget #2 would provide a margin of \$17,000. He said he was also in favor of raising the price of taps to \$10,000 to allow for necessary capital improvements. Hawkins also pointed out that Budget #2 proposed an increase in salaries. He said the Board requested a survey of salaries paid by neighboring entities. The Association wages were significantly lower. Budget #2 does not yet increase salaries to a comparable level, but comes closer.

Harry Masinton asked if a higher tap price could be used to pay higher operating cost, avoiding a monthly charge increase. Hawkins said he and the Board believe that ongoing operating expenses should be met by operating income, that is, the monthly billing. Tap sales revenue is used to improve and expand the system to accommodate growth.

Fran Frazier asked how many taps can be supported by the current treatment plant capacity. Hawkins said that the plant operates at 3/4 capacity on the peak days of the summer. He said it is designed so that the present capacity can be increased by 50% by adding more filter modules. Mrs. Frazier asked how much water the Association owns. Hawkins said the system uses 100 million gallons per year, and owns 221 million gallons. However, some of the water owned is decreed for irrigation, and must be reduced if used for domestic.

Chairman Figueroa entered the discussion and said that an application has been made in water court to make a portion of Leon Lake available for domestic use. Leon Lake was chosen because it is a transmountain diversion. The lake lies on the north side of Grand Mesa, but the water is used on the south side, delivered through a tunnel. If the decree is obtained, the Association will be able to exchange its irrigation shares for Leon Lake shares, and avoid any loss. Mr. Figueroa said the Ute Water Conservancy District has filed an opposition to the application.

The question was asked if it is possible for the Board to do a mid-year amendment to the monthly water charge. The answer was yes, the Board has the authority to set monthly water charges without approval of the general membership. As a courtesy, the Board has always sought membership approval of rate increases.

After further discussion, it was

MOVED BY Bob Phillips

SECONDED BY Bryan Klaseen to adopt Budget #2.

The Chairman asked if there was any more discussion before the vote. John Hawkins raised a point of order, suggesting that the tap fee increase should be voted on separately from the budget, because the by-laws require ratification by the members. Bob Phillips withdrew his motion on the budget, and Bryan Klaseen withdrew his second.

MOVED BY Bob Phillips to set the price of a tap at \$10,000

SECONDED BY Polly Hammer

MOTION CARRIED by voice vote. Approximately six opposing votes were heard.

MOVED BY Dayton Myers

SECONDED BY Chuck Worley to adopt Budget #2 for the 2006 fiscal year.

MOTION CARRIED by voice vote. No opposing votes were heard.

Chairman Figueroa opened nominations for directors terms which expired for Bryan Klaseen, Dennis Grunkemeyer, Kelly Peterson, and Ellis Fritchman. No nominations were heard.

MOVED BY Gary Richardson

SECONDED BY Bob Phillips that nominations be closed and that the incumbent directors be re-elected by acclimation.

MOTION CARRIED by voice vote. No opposing votes were heard.

Chairman Figueroa asked if there was any other business to come before the meeting. Chuck Worley asked if the plant operators are satisfied that the plant is producing clean water. Dan Hawkins said the plant handled a wide range of water quality during the year, and the output was consistently better than required by state and federal standards. He said the plant is easy to operate, and does not require much attention. There have been numerous software glitches and adjustments, but the Pall company has corrected each problem free of charge.

There was a motion to adjourn at 8:50 p.m. The meeting adjourned to enjoy coffee and cookies baked by Bonnie Kline.

Respectfully Submitted 
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Minutes of Annual Stockholders Meeting
December 12, 2006

Board president and meeting chairman Jerry Figueroa called the meeting to order at 7:00 p.m. in the Cedaredge Community Center. Secretary Dan Hawkins read the call of the meeting. He reported that it was delivered by mail to all stockholders and published in two local newspapers.

The chairman asked for a report from the credentials committee. Helen Hawkins reported that the committee had recorded 62 members present and 162 represented by proxy, for a total of 224. A quorum required a total of 186. The chairman declared a quorum. The final attendance report submitted by the credentials committee listed 70 present and 163 proxies for a total of 233.

Secretary Hawkins read the minutes of the 2005 annual meeting. Chairman Figueroa asked for a motion to approve the minutes.

MOVED BY Glen Schramm

SECONDED BY Chuck Worley to approve the minutes as read.

MOTION CARRIED by voice vote, no opposing votes were heard.

Chairman Figueroa presented a report to the stockholders. He said the water supply was adequate during the year and there were no treatment problems. A new discharge permit was issued by the State for release of water from the backwash pond to Surface Creek. The new permit required further removal of chlorine. A windmill was purchased and installed at the pond. The windmill runs an air pump which aerates the water to assist in chlorine removal.

An unexplained loss of water from the system was solved when a leak was discovered in a pipe crossing under Surface Creek. The pipe is 46 years old, and over time the creek bed had eroded down to the pipe, allowing it to be damaged by rocks. The pipe was replaced with an overhead crossing.

Mr. Figueroa said more taps were sold than expected, making it possible to accomplish more capital improvement projects than anticipated. He said a sudden rush on taps at the end of the year left the Association with surplus cash that needed to be spent to stay within IRS rules for operating as a non-profit. So an advance principal payment was made on the treatment plant loan.

He said the Board and manager worked together on a plan for capital and operational improvements over the next five years. The plan was included in the handouts available to the members at the meeting. He encouraged the members to study the plan.

Mr. Figueroa reported that an effort to convert Leon Lake water to domestic use had finally succeeded after several years of effort. He said that 2,000 acre-feet of water is now decreed for domestic and municipal use, as well as irrigation. He said an agreement with the Grand Mesa Conservancy District will allow the Association's presently owned irrigation water rights to be exchanged for Leon water without the loss that is usually taken due to State water use rules. In answer to a question from the floor, the chairman said that the 2,000 acre-feet of domestic water is not all for USCDWUA, but is available to all domestic and municipal entities

in the Surface Creek Valley.

Secretary-treasurer Dan Hawkins presented the financial statements for 2006. He first referred to the balance sheet comparison, which indicated an increase in assets during the year of \$375 thousand, and a decrease in liabilities of \$102 thousand.

Secretary Hawkins then reviewed the 2006 cash flow report. He pointed out line items which differed significantly from what was budgeted. The income from tap sales was \$380 thousand instead of the anticipated \$224 thousand. A question was asked why the figure was not \$400 thousand, because 40 taps were sold at \$10,000 each. Hawkins said ten of the 40 taps were sold at \$8,000 before the price increase at last year's annual meeting.

The secretary went on to explain that members contributions to capital improvements, at \$62 thousand, were higher than expected. He said this figure is difficult to predict. It reflects pipeline extensions or other improvements to the system that are paid for by the people it benefits, for example subdivision pipelines and fire hydrants.

It was noted that legal expenses exceeded the budget. Hawkins said the Board voted to contribute \$10,000 toward legal fees on the Leon Lake application. The case became expensive because of a legal challenge by Ute Water District.

Hawkins said payroll expense was lower than budgeted because Chuck Moore, a salaried employee, resigned his position and was not replaced. A part time employee is currently performing some of the duties. He then pointed out the additional principal paid to Paonia State Bank. For the year, a total of \$96 thousand was paid, compared to \$12 thousand budgeted. Finally, Hawkins said capital improvements to the distribution system amounted to \$257 thousand, compared to \$190 thousand budgeted.

Joe Marchun asked if Ute Water's objection to the Leon Lake decree can be raised again in the future. Dan Hawkins said the decree cannot be overturned. Leon must comply with the provisions of the decree requiring increased monitoring of the Leon system. Ute may raise questions about whether Leon is properly complying, but the decree will remain secure.

MOVED BY Joe Marchun

SECOND BY Don Fick to accept the 2006 cash flow financial report.

MOTION CARRIED by voice vote, no opposing votes were heard.

Chairman Figueroa then asked for old business. A question from the floor asked what the effect on the Association will be due to the Leon conversion. He answered that it makes all the Association's stored irrigation water available for use by exchange for Leon water. That has the effect of approximately doubling our stored water.

In response to another question, Mr. Figueroa said he believes negotiations with the Town of Cedaredge regarding joint ownership are nearly concluded. He said a purchase price of \$175,000 has been agreed to, and we are awaiting the adoption of a resolution by the Town to authorize the transaction.

A question came from the floor regarding the size of the association. Dan Hawkins replied that there are 842 members owning 943 taps.

Mike Mason asked how much water per tap the system requires. Dan Hawkins said the historical average is about one third acre-foot per year. Mr. Mason then asked why the Board adopted a policy of requiring major subdivisions to provide one acre foot of water for each tap

required. Jerry Figueroa said the Board believes it is important to assure that enough water will be available even in dry years.

Chuck Worley asked what pipe materials are used in the system, and whether or not the pipe carries a warranty. Dan Hawkins replied that since about 1970, the preferred pipeline material has been PVC. Steel pipe is used in areas where pressure exceeds 200 psi. He said the warranty provided by most pipe vendors is meaningless, because it is easy to claim that the pipe was improperly installed, damaged by handling, and so forth.

A question from the floor asked if all meters are going to be dug up and replaced to comply with backflow prevention regulations. Dan Hawkins said that all meters installed within the past fifteen years have check valves built into the meter yoke. However, he said, the valves are not easily tested, which is a requirement. Therefore, the check valves will need to be replaced. Older meter installations will need to be dug up and rebuilt with modern yokes and check valves.

It was asked why a new pipeline was not installed on Hanson Road while it was being torn up and paved two years ago. Dan Hawkins said that would have been a good idea, but funds were not available, as the treatment plant had just been completed, using up much of the Association's available cash.

The chairman then asked for new business. A question was asked if the Association intended to participate in an interconnection with Colby water system. Mr. Figueroa answered that, although an emergency interconnection is contemplated between USCDWUA, Orchard City, and the Town of Cedaredge, Colby has not been considered because of the distance.

A question was asked if the Association would own any water in the proposed Cactus Park reservoir. Mr. Figueroa answered that Cactus Park is a part of a plan which includes a reservoir on Surface Creek, and other features. He said the question of who would own water rights in what parts of the plan is not established yet. However, he said the project, if completed, will benefit all water users in the valley.

Secretary-treasurer Hawkins presented the proposed budget for 2007 for discussion and adoption. He said the budget does not propose to raise the price of a tap or the minimum monthly water charge. He said 30 taps are forecast to be sold, enabling about \$346 thousand in capital improvement projects. The specific projects planned include increasing the capacity of the water treatment plant by the addition of more filter modules, begin work on a storage tank on the upper end of Cedar Mesa, and continue replacing old pipelines.

A question from the floor asked why loan principal in 2007 is forecast to be twice as high as was budgeted in 2006. Hawkins replied that normal amortization results in the principal portion of the payments increasing over the life of the loan, while the interest portion decreases.

Another questioner inquired why the budget predicted only thirty taps to be sold when there is a possible 60-lot subdivision pending. Hawkins answered that the likelihood of such a subdivision proceeding is uncertain. He said he prefers to be conservative in estimating income.

It was asked if the Association has good as-built drawings of the system. Hawkins said that one of the provisions of the five-year plan is to complete a system atlas.

After further discussion, it was

MOVED BY Joe Marchun

SECOND BY Mildred Hamilton to approve the 2007 budget as presented.

MOTION CARRIED by voice vote, no opposing votes were heard.

Chairman Figueroa announced that terms on the Board of Directors expired for John Hawkins, Jerry Figueroa, Lynn Oliver, and Herman Kline. He called for nominations for directors. None were received.

MOVED BY Jim Davis

SECOND BY Mildred Hamilton that nominations cease and the same directors be re-elected by acclimation.

MOTION CARRIED by voice vote, no opposing votes were heard.

The chairman asked if there was any more business to come before the meeting. It was asked if gas well drilling was affecting the water supply. Mr. Figueroa said there was no observed effect so far, but the wells proposed for the Forest Service property higher on Grand Mesa could have an effect. He said increased monitoring will be necessary if those wells proceed.

A question was asked if the Association will be required to add fluoride. Dan Hawkins said fluoridation programs are usually driven by local political action rather than health departments.

Dan Hawkins then introduced and thanked the members of the credentials committee - Mary and Ken Munger, Scott Morse, Jan Kennedy, Don Ahern, and Martha Grewal. They were assisted by employees Lynn Puls and Helen Hawkins. Mr. Hawkins also thanked Kathleen Morse for taking notes for the minutes of the meeting.

The chairman declared the meeting adjourned at 8:40 p.m. Members were invited to have coffee and cookies provided by Bonnie Kline.

The Board met shortly thereafter for the organizational meeting.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Minutes of Annual Stockholders Meeting
December 11, 2007

The meeting was called to order at 7:00 p.m. in the Cedaredge Community Center. Board President Gerald Figueroa was chairman. Secretary Dan Hawkins read the call of the meeting, which was mailed to all members and published in two local newspapers.

The credentials committee reported that a quorum was achieved. A final report from the committee showed 56 members present, and 175 represented by proxy.

Secretary Hawkins read the minutes of the 2006 annual meeting. There were no additions or amendments offered.

MOVED BY Jim Davis

SECONDED BY Harry Masinton to approve the minutes as read.

MOTION CARRIED by voice vote, no opposing votes were heard.

Chairman Figueroa thanked the members of the credentials committee for their assistance, and introduced the Board of Directors. He then reported on the activities of the Association during 2007.

Mr. Figueroa said the Association continued to grow, with 36 new water taps sold during the year. He said the Board considered applications for 14 subdivisions within our service area. The increasing demand for water and the uncertain source and cost of obtaining more water led the Board to require that water be furnished to the Association as a condition of each new tap issued.

The President went on to say that a new map of the system has been created, with pipe sizes, materials and date of installation. Also, an engineering study was done on the treatment plant to allow increasing its capacity. Additional filter modules have been purchased, and will be installed this winter.

The President's report concluded with information about the Association's participation in the statewide water needs assessment program. He said the first round of the program skipped many of the water providers in Delta County, but a second effort is getting more accurate information.

Dan Hawkins presented the financial report for 2007. He pointed out several areas where the cash flow differed from budgeted figures. Revenue from tap sales exceeded expectations. Expense for water treatment was higher than anticipated. Hawkins explained that this was caused by unusually high chemical costs resulting from problems with a bad batch of coagulant chemical.

Hawkins said an extra principal payment of \$40,000 was made to Paonia State Bank. He reported loan balances of \$527,374 at Paonia State Bank, and \$151,724 to CWCB. He said the Association has reserve cash in CDs amounting to \$169,000.

MOVED BY Harry Masinton

SECONDED BY Dayton Myers Sr. to accept the financial report as submitted.

MOTION CARRIED by voice vote, no opposing votes were heard.

Chairman Figueroa then called for old business. Joe Marchun asked if developers are required to pay for enlarged pipelines required for subdivisions. The chairman replied that each case is considered individually, but that in general the answer is yes. In some cases the cost of new pipelines will be shared by the Association if the line is due for replacement anyway.

Marvin Kieca asked who actually installs new pipelines for subdivisions. The answer was that approved contractors are used, under the supervision of Association personnel.

Larry Ing asked if a fire hydrant near his home in Panorama Heights could be improved by installing a larger model. Dan Hawkins replied that the limiting factor is probably not the hydrant itself, but the four-inch main pipeline which feeds the subdivision.

Joe Marchun said he noticed activity around the Redlands Mesa storage tanks and wondered what was happening. Dan Hawkins said a specialized diving company was hired to clean and inspect all storage tanks on the system. He said it was planned to do minor repairs on rust spots in the steel tanks, but the water temperature was too cold. The repairs will be done in 2008 during warmer temperatures.

Chuck Worley asked if the Town of Cedaredge has purchased the Association's interest in the common system. Jerry Figueroa said the negotiations have stalled due to the nature of the Town's proposal for buyout, which is a lease-purchase that can be cancelled at any time by the Town Board of Trustees. He said the Association Board wants an agreement that is more binding.

The Chairman then called for new business. Jim Davis asked if the planned upgrade to the treatment plant requires a lot of new equipment, and how much the capacity is to be increased. Dan Hawkins replied that the capacity will be increased from 0.72 million gallons per day (MGD) to 1.1 MGD. This is being done by only adding new filter modules, which was planned for in the design. To further increase capacity, it will be necessary to purchase new skids, which are more expensive. There is room in the plant to build an ultimate capacity of 2.2 MGD.

Chuck Worley asked if farmers going out of business is affecting the price of water. Jerry Figueroa said the price of water is more influenced by housing developments. He said the need for agricultural water has not diminished, as most farmers who subdivide are disposing of fallow land.

Bryan McPherson asked if the Association forbids water wells for livestock purposes. Mr. Figueroa said the state law governing well permits requires the applicant to first find out if the public water supply can meet the need. When asked, the Association usually responds that taps are available, and this often results in denial of a well permit. He said a strictly livestock well permit is not known to exist, as the standard well permit is for domestic use.

Dan Hawkins then presented the proposed budget for 2008. The budget did not propose to increase the cost of water taps (\$10,000) or the monthly base rate (\$29). The expected number of new taps will bring the Association to more than 1000 taps. Among neighboring systems, Orchard City is nearly 1,700 taps, Cedaredge nearly 1,300 and Colby about 120, according to Hawkins.

Vance Schwartz asked what interest rate the Association is paying on the treatment plant loans. Dan Hawkins said it is 3% to the CWCB and 6.5% to the Paonia State Bank.

After further discussion, it was

MOVED BY Karen Severson
SECONDED BY Dayton Myers Sr. to approve the 2008 budget as presented.
MOTION CARRIED by voice vote, no opposing votes were heard.

Chairman Figueroa asked if there was any other business before election of directors. Judy Mason said the requirement for one acre-ft. of water per new tap is excessive. She said the average use per tap is actually less than ½ acre-ft. Jerry Figueroa explained that the majority of the water which is brought to the Association is decreed for irrigation, not domestic use. Irrigation water may be used under a temporary substitution plan, or after a legal proceeding to have it designated as domestic water. In either case, the amount of water available for domestic is one-half or less that what was available for irrigation.

Mrs. Mason said she understood that irrigation water could be exchanged for Leon Lake water without incurring any loss. Dan Hawkins said that is correct, but that Leon Lake cannot supply the domestic needs of the area by itself, because there is only a 2,000 acre-ft. domestic decree in Leon. The Association must share this amount with the other domestic providers, as well as augmentation, stock, and other demands.

The Chairman announced that directors terms expired for Bryan Klaseen of Redlands Mesa, Dennis Grunkemeyer of Cedar Mesa, Lynn Oliver of Surface Creek, and Ellis Fritchman, director at large. The floor was opened for nominations. No nominations were offered.

MOVED BY Mildred Hamilton
SECONDED BY Chuck Worley that nominations cease and the incumbent directors be elected by acclimation.
MOTION CARRIED by voice vote, no opposing votes were heard.

Mr. Figueroa asked for any other business. Lewis Bickmore asked if it is necessary to install a thermal expansion tank in the home when a dual check valve backflow prevention device is installed at the meter. Dan Hawkins said it is likely that the pressure relief valve on the water heater will leak if an expansion tank is not provided. He said they are relatively cheap and may be installed anywhere in the home plumbing where there is room. Steve Puls remarked that they are also a good protection against water hammer or other surges in plumbing systems.

MOVED TO ADJOURN by Jim Davis
SECONDED BY Joe Marchun

Chairman Figueroa declared the meeting adjourned at 8:40 p.m.

Respectfully Submitted Dan A. Hawkins
Dan Hawkins, Secretary

Upper Surface Creek
Domestic Water Users Association

Minutes of Annual Stockholders Meeting
December 16, 2008

Chairman Gerald Figueroa called the meeting to order at 7:01 pm in the Cedaredge Community Center. Secretary Dan Hawkins read the Call of the Meeting. Chairman Figueroa then asked for a report of the Credentials Committee. Helen Hawkins reported that 49 members were present, with 161 represented by proxy, for a total of 209. A minimum of 172 being required to conduct the meeting, the Chairman declared a quorum.

The Secretary then read the minutes of the previous Annual Meeting, held December 11, 2007. The Chairman asked for additions or corrections to the minutes. None were heard.

MOVED BY Judy Arona,
SECONDED BY Tom Henry to approve the minutes as read.
MOTION CARRIED by voice vote.

Chairman Figueroa delivered the report of the President to the Stockholders. He said two significant upgrades to the water system were completed during the year. The capacity of the water treatment plant was increased by approximately 40% by the addition of more filter modules. This expansion was planned in the design of the plant, and was accomplished in about half a day.

A new water tank was constructed on the upper end of Redlands Mesa. This increased the total water storage on Redlands from 110 thousand gallons to 140 thousand.

Mr. Figueroa reported on continuing cooperation with the Leon Lake Ditch and Reservoir Company to help comply with the terms of the new court judgment and decree which makes Leon Lake available as a domestic water source. The decree required that an emergency siphon be assembled and tested, then kept available for future use in case water needs to be released from Leon Lake to the other side of Grand Mesa. Presently, the only outlet from Leon Lake is the tunnel which brings water to this side. The siphon was assembled and tested by the Association employees, and demonstrated to the satisfaction of all concerned parties.

He then reported that the economic recession had resulted in fewer taps sold than anticipated. The result was a reduction in the revenue available for capital improvements. This has resulted in some improvements being placed on hold. He said the Board has been forced to plan for a continuing economic slowdown, and the forthcoming budget proposal will reflect this.

After discussion, Treasurer Dan Hawkins presented the cash flow financial statement to the stockholders. He pointed out that, while operating income and expenses generally matched the budget forecast, the capital improvements were severely curtailed due to the absence of tap sales. After questions and discussion, it was

MOVED BY Dayton Myers Sr.
SECONDED BY Martin Fiala to accept the financial report as presented.
MOTION CARRIED by voice vote.

Chairman Figueroa then called for old business. Jim Davis asked if any progress has been made in constructing an emergency interconnect between the Association and/or Cedaredge and Orchard City. Mr. Figueroa replied that there is already an interconnect point with the Town of Cedaredge, but

that to connect with Orchard City will require the construction of new pipeline along Ute Trail Road. An engineering report on the feasibility and a general design have been done. He said funding will be the major obstacle.

The Chairman then called for new business. Hearing none, he requested the Treasurer to present the proposed 2009 budget. Dan Hawkins presented the budget, explaining that there was a change from previous years, in that loan principal payments are now shown as coming from the operating fund. This is necessary because there might not be any revenue from new tap sales, which has been the usual source for loan principal payments.

Hawkins pointed out that three budget options are presented. The first, designated Budget A, which keeps the monthly minimum charge at \$29, is not recommended by the Board of Directors, because revenues will not meet expenses. Therefore, the Board recommends raising the monthly minimum charge to either \$30 (Budget B) or \$31 (Budget C). Hawkins explained that all three budget proposals are the same, with the exception of the monthly minimum.

After considerable discussion, it was

MOVED BY Glen Schramm

SECONDED BY Bryan Klaseen to adopt Budget B, which includes a monthly minimum charge of \$30.

MOTION WAS DEFEATED. A voice vote was indeterminate, so the vote was taken by paper ballot. The Credentials Committee reported a count of 132 votes against, 77 votes for.

MOVED BY Martin Fiala

SECONDED BY Kathleen Morse to adopt Budget C, which includes a monthly minimum charge of \$31.

MOTION CARRIED by voice vote. A few opposing votes were heard.

Chairman Figueroa thanked the Credentials Committee for their work in registering attendance and handling the voting process. Committee members were Mary Munger, Steve Puls, Dayton Myers, and Jim Davis, Helen Hawkins, and Carolyn Puls.

The floor was then opened to nominations for Directors. Those Directors whose terms expired were John Hawkins of Redlands Mesa, Herman Kline of Surface Creek, and Gerald Figueroa of Cedar Mesa. The Chairman called again for nominations. None were heard.

MOVED BY Ed Badding

SECOND BY Bryan Klaseen that nominations be closed and the incumbent Board Members be re-elected by acclamation.

MOTION CARRIED by voice vote. No opposing votes were heard.

The Chairman asked for any other business. Hearing none, he declared the meeting adjourned at 9:17 pm.

Respectfully Submitted, 
Dan Hawkins, Secretary-Treasurer

Minutes of the Annual Stockholders Meeting
Upper Surface Creek Domestic Water Users Association
December 15, 2009

Board President and Chairman Jerry Figueroa called the meeting to order at 7 pm. Secretary Dan Hawkins read the Call of the Meeting.

The Credentials Committee, composed of Helen Hawkins, Donald Ahern, Carol Kinderknecht, Kenneth Munger, Mary Munger, and Steven Puls, reported that a quorum was established.

Secretary Hawkins read the minutes of the December 16, 2008 Membership Meeting. Chairman Figueroa asked if there were any corrections. There were none. It was

MOVED BY Jim Davis,

SECONDED BY Gary Richardson to accept the minutes as read.

MOTION CARRIED by voice vote; no opposing votes were heard

President's Report to the Members:

Jerry Figueroa reported that the Board was concerned about keeping the monthly base rate down this year in spite of greatly reduced revenue from new tap sales. He reported that only 6 taps were sold this year.

Mr. Figueroa reported that significant activity this year included constructing a new storage tank on Wilbanks Mesa, and refinancing the treatment plant loan at a reduced interest rate and lower payments. In addition, the Association helped our newest employee Tim Frey to obtain his Treatment Plant and Distribution System Operators Licenses.

The Chairman then thanked the Board and the staff for their work during the year. He reported that the Board meets monthly and that Association members are welcome at the meetings.

Financial Report:

Treasurer Dan Hawkins presented the cash flow financial report for 2009. He reported that the six taps that were sold this year were in minor subdivisions that were already in the works from the previous year. These tap sales, provided a revenue of \$60,000, which was more than was expected, but this came too late in the year to be of much use for capital improvements.

Hawkins reported that the treatment plant loan is now with US Bank. This resulted in a slight reduction in debt service costs. The interest on this loan is 5-5/8 %.

Hawkins said that Expenses were somewhat lower than what was forecast last year, resulting in an increased margin of operating revenue over expense and a slightly higher ending cash balance. He reported on work done on the distribution system. On Wilbanks Mesa a small steel tank was removed and replaced with an underground concrete tank along with about 450 feet of pipeline line feeding the tank. Also there were some small pipeline extensions and fire hydrants installed.

Dick Disner asked about the expenditure for water rights, which had not been budgeted. Dan Hawkins explained that an unexpected opportunity arose to purchase some shares in Leon

Lake. This is an advantageous reservoir because of its designation for domestic use. The purchase was 40 shares, yielding 16 acre-ft. of water.

MOVED BY Gary Richardson,
SECONDED BY Bryan Klaseen to accept the financial report.
MOTION CARRIED by voice vote; no opposing votes were heard.

Chairman Figueroa asked if there was any old business to come before the meeting. None was presented.

New Business:

For new business, the chairman reported that 6 tap sales are forecast for 2010. This is not based on any definite knowledge, and depends on how the economy goes. One proposed subdivision of 15 lots has been under discussion, but nothing definite has happened on that yet.

Darrell Flager asked how to go about obtaining the water that is a requirement for obtaining a water tap. Mr. Figueroa explained that the Association has leased water with the option to sell it to tap applicants. At present, the cost of one acre-foot from this leased pool is \$6,000. Water may also be available on the open market, at varying prices, generally \$4,000 to \$7,000 per acre-foot. Mr. Flager asked why the value of the acre foot of water is not shown on the cash flow report. Dan Hawkins replied money is not paid directly to USCDWUA, so it can't be shown as a cash exchange. However, the water provided to USCDWUA is an asset, and is reflected on the balance sheet, increasing the net worth of the Association.

Gerhard Rueckert asked why a whole acre foot is required. He said he only uses a quarter of an acre foot and thinks that is all the Association should need. Jerry Figueroa responded that a whole acre-foot of irrigation water might not be useable for domestic, due to State rules. Also, the shares in a reservoir only represent a given amount of water when the reservoir fills. In drought years, the reservoir will not be full, and may have as little as 25% of its normal capacity.

Budget for 2010:

Dan Hawkins presented the proposed budget for 2010. He said the revenue from new tap sales will determine the improvements we can make to the system for the coming year. He said some of our pipelines will need to be replaced in the near future, even if the system does not grow. Our oldest pipelines are 50 years old, made of metal, and are getting rusty and subject to leaks.

Hawkins reported that the cost of employee health insurance continues to increase. He explained that, to reduce cost, the Association pays for a high-deductible plan from Rocky Mountain Health Care. Dan Hawkins will be eligible for Medicare next year and that may lower the company health insurance premium somewhat.

There was a question on how long it may take to pay off the treatment plant loan. Hawkins replied that it could take 20 years if minimum payments are made throughout the life of the loan. The loan was made in 2005. The original amount was \$730,000. We also have a second loan for \$160,000 to the Colorado Water Conservancy Board with a life of 20 years at 3-1/4 per cent.

MOVED BY Tom Henry,
SECONDED BY Dayton Myers, Sr. to approve the budget for 2010
MOTION CARRIED by voice vote. No opposing votes were heard.

Election of Directors:

Jerry Figueroa announced that terms on the Board have expired for Bryan Klaseen of Redlands Mesa, Dennis Grunkemeyer of Cedar Mesa, Lynn Oliver of Surface Creek, and Ellis Fritchman, Member-at-Large.


The Chairman then opened the floor to nominations. None were put forth.

MOVED BY Dayton Myers, Sr.
SECONDED BY Joyce Fencel that nominations cease and that the incumbent Board members be reelected by acclamation.
MOTION CARRIED by voice vote; no opposing votes were heard.

Jerry Figueroa said he believes that we have one of the best water companies on the western slope. He commended the members for their participation in the annual meetings, and for their overall support throughout the year. Dennis Grunkemeyer spoke and thanked Jerry Figueroa for the job he has done as president.

Jerry Figueroa adjourned the meeting at 8:05 pm. He invited Members to stay and have coffee and cookies baked by Bonnie Kline.

Respectfully Submitted,


Dan Hawkins, Secretary-Treasurer

**Annual Meeting of the Stockholders
Upper Surface Creek Domestic Water Users Association
December 14, 2010**

Board President and meeting chairman Gerald Figueroa called the meeting to order at 7:10 pm in the Cedaredge Community Center.

The Call of the Meeting was read by Secretary Dan Hawkins. He reported that the call had been mailed to all Association members, and published in two local newspapers.

The chairman asked the credentials committee if a quorum had been determined. Helen Hawkins reported that a quorum existed. The Association has 876 members. A quorum requires 174 attending in person or by proxy.

Dan Hawkins read the minutes from the 2009 annual membership meeting. Jerry Figueroa asked for additions or corrections, and there were none.

MOVED BY Harry Masinton to accept the minutes as read
SECONDED BY Dayton Myers, Sr.
MOTION CARRIED by voice vote

President's Report:

Gerald Figueroa reported that the company worked this year to keep costs to a minimum. He reported that five new taps were sold in the year, one less than budgeted. With the economy in its present state, he said, it is hard to expect many sales. Without the anticipated revenue, it was not possible to fund much in the way of new projects. The most significant pipeline construction that was to replace a leaking galvanized pipeline on Q50 Road between Cedar Mesa between 2500 Road and 2550 Road.

Mr. Figueroa said the slow economy has led to more delinquent accounts, totaling about \$25,000.00. Three-quarters of this amount is from taps that are locked off. Jerry stated that the aim of the Association is to render the best service and water quality, while keeping the cost to the members as low as possible.

Dan Hawkins presented the cash flow **financial report for 2010**. He reported that operating expenses were less than what was budgeted, while revenues were higher than expected. He said the most difficult thing to forecast is if will sell any new taps in the upcoming year. Hawkins said it was planned to do somewhat more pipeline construction this year than what was permitted by finances. Several small improvements were made, with the most significant being on Q50 Road on Cedar Mesa. Several substantial leaks were repaired, resulting in less water wasted.

Mike Mason asked how much unaccounted water the system has. Dan Hawkins replied that a water audit is done each month, attempting to account for the known losses in the system. If the unknown losses exceed 10%, then it is assumed that a pipeline leak is causing it.

Harry Masinton asked if we will pay down the loan on the treatment plant because we have a cash reserve. Hawkins answered that the cash reserve is considered necessary to cover

possible emergency repairs should the treatment plant suffer a major failure.

MOVED BY Robert Burritt
SECONDED BY Harry Masinton to accept the Treasurers financial report.
MOTION CARRIED by voice vote.

The chairman called for old business. Beth Myers said she wanted to thank the Board and staff for improving the water service to her home by installing a new tank and pipeline on Wilbanks Mesa.

The Chairman then called for new business. Wendy Moder asked the location of the future Cedar Mesa Tank. Dan Hawkins answered that the location is on BLM, at the highest point of Cedar Mesa, beyond the end of 2550 Road. This has been the planned location of a future Cedar Mesa Tank for about 15 years. Its purpose would be to augment the service to the east end of Cedar Mesa, Dry Creek, and Redlands Mesa. At present, a four-inch pipeline serves about about 280 taps in those areas, which is beyond its theoretical capacity.

Mike Mason asked if the water system operates on only one cfs flow. Hawkins replied that there could be twice that much going through the system during the peak of the day, but that, averaged over a year the amount is probably close to one cfs.

Loretta Molitor asked if the Association has a source water protection plan. Hawkins replied that the South Grand Mesa Source Water Protection Plan was recently completed. It was facilitated by the Colorado Rural Water Association, and involved all the domestic water systems drawing from the south Grand Mesa drainage.

Judy Mason asked about our water being affected by gas well fracking. Dan Hawkins answered that USC DWUA does not rely on water wells. We don't know whether any materials used in fracking can get into our water supply. Hawkins says the company supports efforts to make the fracking materials public knowledge.

Mike Mason stated that the system has 1000 taps. The annual system demand is 111 million gallons. It appears that each tap uses more than 9,000 gallons per month. Hawkins said that it can't be assumed that all of the water going through the system is for individual taps, because there are other losses, such as fire fighting, tank overflows, pipeline flushing, and leaks.

Chairman Figueroa presented the 2011 budget. He said that that it is similar to the budget for 2010, with not anticipated need to raise monthly rates.

Veronica Minch asked, regarding the budget estimate of five new taps sold, is there some foundation for expecting this number. Mr. Figueroa replied that we pulled it out of the air. Building and Land: We would like to build a cover for our pipe. We do not have good storage for our plastic pipe. This is not good for the pipe, it needs to be out of the sun. Melanie Son asked about telemetry on line 57. Dan replied that this means adding more radio stations out in the field so we can get more information back in the office. This helps us see what is going on in the system. We need information on pressure and flow.

MOVED BY Veronica Minch
SECONDED BY Dayton Myers, Sr. to approve the 2011 budget as presented.
MOTION CARRIED by voice vote.

Mr. Figueroa then recognized John Hawkins for his many years of faithful service to the Association. Mr. Hawkins has decided to retire from the Board of Directors after serving since 1960. He was instrumental in getting the system extended to serve Redlands Mesa. There are now 186 members on Redlands Mesa. John Hawkins served as secretary-treasurer from 1970 – 1996. His wife, Kathleen Hawkins also served as the company clerk during that time. Gerald Figueroa presented John Hawkins with a plaque on behalf of the Board and the membership.

Mr. Hawkins gave a brief speech, saying that there have been a lot of people who made this company what it is. He said the time he has spent with the company has been gratifying to him, and that he hoped fifty years of service is long enough. John Hawkins received a standing ovation.

Chairman Figueroa then announced that board member terms were expiring for himself and Herman Kline, as well as John Hawkins. He stated that he and Mr. Kline would be willing to stay on the board.

The Chairman first called for nominations to fill the Redlands Mesa position to take John Hawkins place. Kay Adams nominated Debra Christner. Veronica Minch seconded the nomination.

Mrs. Christner spoke to the members, saying has grown up around water companies. She helped start a water company with her father. She has served on a water board in the Vail Valley for a system with thousands of taps. She also does secretarial work for the Overland Ditch and Reservoir Company.

MOVED BY Melanie Son,
SECONDED BY Bryan Klaseen that nominations for the Redlands Mesa director be closed, and that Debra Christner be elected by acclamation.
MOTION CARRIED by voice vote.

The Chairman then called for nominations to fill the Surface Creek and Cedar Mesa director positions due to the expired terms of Jerry Figueroa and Herman Kline.

MOVED BY Dayton Myers Sr.
SECONDED BY Melanie Son that nominations cease and directors Kline and Figueroa be elected by acclamation.
MOTION CARRIED by voice vote.

Chairman Figueroa thanked the Credentials Committee for serving this year. Helen Hawkins reported a final count of 54 members present and 184 proxies, for a total of 238 members represented.

No further business came before the meeting, which adjourned at 9:05 pm. Refreshments were served in the form of home baked cookies by Bonnie Kline.

John A. Hawkins Sec-Treasurer

**Annual Meeting of the Stockholders
Upper Surface Creek Domestic Water Users Association
December 13, 2011**

Jerry Figueroa called the meeting to order at 7:05 pm with the Pledge of Allegiance. Pastor Steve Puls offered an invocation.

Dan Hawkins read the Call of the Meeting.

Credentials Report: Helen Hawkins and the Credentials Committee reported that a quorum was attained. The final attendance count was 73 members present and 193 proxies.

Dan Hawkins read the minutes of the 2010 annual meeting. Harry Masinton moved that we accept the minutes as read. Dayton Myers, Sr. seconded. Motion carried.

President's Report: Mr. Figueroa reported that several construction projects were done during 2011. They included 6,200 feet of pipeline along 2600 Road and North Road east of Eckert to replace aging galvanized pipe. Also 700 feet of new pipe at the end of Timothy Road to replace a galvanized line on Timothy Road. Sediment was removed from the backwash pond at the treatment plant. Work was begun on a pipe storage shed. Some construction was begun on Rimrock Road road, but was completed after the end of the fiscal year and will be reported next year.

Treasurer's Reports:

Dan Hawkins gave the State of the Association Report. It listed in general form the financial liabilities and assets of the Association, along with the water supply and demand figures. Hawkins stated that there are more detailed balance sheets available to be provided on request.

Next was presented the 2011 cash flow report. It was noted that tap sales were less than forecast, due to the continuing economic slump. Most expenses were close to what was expected, except for treatment plant maintenance, which was increased by the high cost of cleaning the backwash pond, which required a vacuum truck. After discussion and clarification of several items, Judy Mason made a motion to accept the report. Harry Masinton seconded. Motion carried.

New Business:

Chairman Figueroa reported that serious difficulties were being experienced in transferring stock certificates in recent years, mainly due to a large increase in bank foreclosures. In many cases, the stock certificate is not available, and parties have experienced delays and expenses relating to the proper legal transfer of the stock. The Board of Directors was advised by the Association attorney to stop requiring the certificate as proof of membership. The structure of the association would not change, just the existence of the membership certificate. After further consideration, the Board has decided to propose this change to the Membership. This action requires a change in the bylaws and the articles of incorporation. The proposed changes to both documents were provided with the call of the meeting mailed to all members.

Judy Mason asked if ownership of multiple taps entitled a member to more than one vote

at membership meetings. Mr. Figueroa explained that the original intent of the bylaws and articles of incorporation was that one member has one vote. This provision is retained in the current amendments.

Lou Bridges asked if there are different sizes and classifications of taps. Dan Hawkins said that the standard tap is $\frac{3}{4}$ inch. The Board is authorized to establish different prices and rates for different sizes of taps, but that has not yet become necessary. Gerald Figueroa stated that one day we may have to have commercial taps for hotels, etc. that may want to locate here, but we'll cross that bridge when we get to it.

Reg Cridler reported that he is a member of another domestic company that eliminated certificates. He urged support of bylaw amendments and the proposal to discontinue the certificates.

There was a question whether discontinuing certificates would devalue a membership or water tap. Dan Hawkins said the revised bylaws give members the same rights they currently have. The value of a water tap is on the property where it is installed. In the early days of the Association, it was envisioned that water taps could be freely traded and moved from one property to another. It became apparent that this was impractical, and taps have been permanently tied to property for more than twenty years.

After further discussion, Lynn Oliver made moved to do away with the stock certificates. Victor Smiles seconded. Motion passed.

Greg Stratman asked if the change in the bylaws would take place immediately. Dan Hawkins answered that the new rules are now in place, and membership certificates have no significance.

Jerry asked if there was other new business. It was asked how the proposed electronic billing is coming along? Dan Hawkins replied a survey got a lot of response, indicating that there is interest in the idea. At the present time we are leaning towards sending out bills by email to those who request it in writing and provide a valid email address. He said accepting payment by credit card or other form of online or telephone payment is not being considered at this time.

Dan Hawkins presented the proposed Budget for 2012. He explained that the cost of health insurance is going down a tiny amount, which is unusual. This has to do with the age of the work force. As people become eligible for Medicare, it reduces the premium a little bit.

Joe Marchun asked what the education expense is for. Hawkins replied that water operators are required to keep licenses current by attending classes to get training units, or TU's. Most of the classes are offered at seminars, which have an attendance fee. Also included in the cost of education is reference books.

Hawkins said it is hoped that \$50,000 can be spent upgrading the distribution system next year. Several underground valve vaults need to be added. Also, there is always some deteriorating galvanized pipeline that should be replaced at several sites around the system. Such work is usually contingent on the sale of water taps. Three new taps are forecast, but that is only based on educated guesswork.

A question was asked about who we pay water assessments to. Hawkins said there are five ditch and reservoir companies with whom we own stock. Their assessments are individually set at their annual meetings, most of which have not happened yet, so the assessments are not really known accurately.

Dick Disner moved to approve the budget. Dayton Myers, Sr. seconded. Motion passed with no opposition.

Election of Directors:

Jerry Figueroa reported that terms expire for directors Bryan Klaseen, Dennis Grunkemeyer, Lynn Oliver, and Ellis Fritchman. He said directors meet at least once a month and serve with no compensation. Terms are for two years. The meeting was opened to nominations. Dayton Myers Sr. asked if the outgoing directors would stay on the Board. Mr. Figueroa asked each man if he was willing to serve another term. Each agreed to do so.

Dayton Myers, Sr. moved that nominations be closed and the four directors be re-elected by acclamation. Karen Kerns seconded. Motion carried.

Dan Hawkins thanked everyone for coming and for the cooperation of the members. He also thanked the credentials committee volunteers who helped this evening, Don Ahern, Janice Kennedy, Carol Kinderknect, Steve Puls, Martha Grewal, Mary and Ken Munger, and Jim Davis.

Jerry Figueroa made a motion to adjourn the meeting. Harry Masinton and Dayton Myers, Sr. seconded. Motion carried. Meeting adjourned at 8:10 pm. Cookies baked by Bonnie Kline were enjoyed.

Dan A. Hawkins
Secretary - Treasurer

**Annual Meeting of the Membership
Upper Surface Creek Domestic Water Users Association
December 11, 2012**

Jerry Figueroa called the meeting to order at 7:05 pm with the Pledge of Allegiance. Pastor Steve Puls offered an invocation.

Dan Hawkins read the notice of the **Call to the Meeting**.

Credentials Report: Helen Hawkins and the Credentials Committee reported that we have a quorum. (We needed 175 members represented to make up a quorum. We had 68 members present and 173 valid proxies for a total of 241 registered members.)

Dan Hawkins read the minutes of the 2011 annual meeting. John Lowitz moved that we accept the minutes as read. Bryan Klaseen seconded. Motion carried.

President's Report: Jerry Figueroa said the year 2012 was characterized by hot and dry weather. System demand was about 12% more than last year. The reservoir system on Grand Mesa carried over 44% capacity from 2011. This year's carry over of the reservoirs will be 16%. The system used more than half of its stored reserves. At the time of the meeting, the water content in the Grand Mesa snowpack is at 48% of normal.

Because of the economy, tap sales have been slow; however, we have sold four new taps. Revenue of new taps is what helps us with system upgrades.

A new 6" pipe was built along Rimrock Road for 2200 feet. This is a portion of a future second supply line to Redlands Mesa.

Four pressure regulating stations were constructed. One on Cedar Mesa and three in the Surface Creek Valley. One pressure regulating vault was removed.

Water quality deteriorated due to algae in the reservoirs. This was due to warm temperatures and lots of sunny days. The water was difficult to treat and required many hours at the treatment plant cleaning filters which added to the cost for additional chemicals used to clean these filters.

We completed the first year without stock certificates. Transfers are much easier.

We are trying to keep our cost down. Our revenue source is our members. Some cost reduction has been due to the use of e-mail billing. Each account that uses e-mail saves us about \$10. a year. About 13% of our billings are now done by e-mail

Treasurer's Financial Report: The system had 1005 taps, 876 members, and 909 meters.

We have assets of 4.44 million. We also have some long-term liabilities, amounting to about 564,000. The company has 100+ miles of pipe-line and 5 storage tanks. The Treatment Plant has a capacity to treat 1 million gallons a day. Peak water demand was nearly 600,000 gallons a

day. Our annual demand in 2012 was 110 million gallons. We had 216 million gallons available this year.

Ken Shields commented that health insurance cost appears to have increased this year.

Mike Mason asked why there is a difference between how much water you bring and how much it seems we use. Dan explained that it depends on the year and how much water there is. In a drought year, an acre foot may not actually be an acre-foot as water may not be available. We could be limited to 40% or less from the state depending on if the state engineer limits our use. Domestic water is considered consumptive, but irrigation water is seen as returning to the land.

Harry Masinton made a motion that we accept the report. Dayton Myers, Sr. seconded, motion carried.

Jerry Figueroa asked about **Old Business**. There was none.

New Business.

Water quality was extensively discussed. Stan Adams asked if the algae problem was worse in some reservoirs than others. Dan replied that we have no control over which reservoir is used. Some reservoirs may be better than others, but there is not much we can do about which one is used.

Dan Hawkins said he had looked into steps we could take as a company to prevent this taste problem in the future. To treat the reservoirs, there are only certain chemicals that are permitted. To treat a single average sized reservoir would cost \$50,000. for the first treatment and would need to be repeated in two weeks. We also looked at a charcoal filter for the plant. For one thing, we don't have the space, so we would have to build on to the plant. The charcoal would need to be replaced annually even if not used, because it adsorbs contaminants from air as well as water. This problem may not come back very often, depending upon weather.

Shared springs with Cedaredge. Jerry Figueroa said we still own 20% of the town of Cedaredge's treatment plant and collection system. There are about 21 different springs, most of which are at 9000 feet or above. The quality of this water is better and cleaner than the reservoirs. Our treatment plant draws water directly from Surface Creek, which in late summer and fall is fed exclusively from reservoirs. We are approaching the Town of Cedaredge to come to agreement on how we can use the shared collection system if needed.

Judy Mason asked if there should be money in the budget to do repair work on the spring collection boxes. Jerry Figueroa agreed that much work could be done, but the cost is unpredictable, and probably not applicable this year. Capital Improvements are made by tap sales. Should we raise monthly rates? If we can't meet our operating cost, the Board can raise the rates but, the Board members prefer to bring this question to the members for approval.

Other New Business:

Budget for 2013.

After discussion, Veronica Minch made a motion to approve the budget, Bill Boyd seconded,

motion carried.

Bill Boyd suggested raising our water rates and made a motion to raise the water rates to \$35. a month. There was no second. Motion failed.

Jerry Figueroa stated that we should think about raising the rates next year. We may not see any work on the collection system this year. We can't do them all at one time. This will take some years to do due to weather.

Board members whose terms expired were Deborah Christner, Jerry Figueroa, and Herman Kline. Someone asked if they would be willing to continue serving. All members agreed to serve again. Harry Masinton made a motion to approve these three serving another term. Don Milholland seconded. Motion carried.

Jerry expressed his thanks to the credentials committee, Don Ahern, Martha Grewel, Jan Kennedy, Carol Kinderknect, Mary Munger, and Steve Puls. He also expressed his thanks to Dan Hawkins, Dayton Myers, Jr., Tim Frey, Helen Hawkins, and Lynn Puls and the Board of Directors.

The meeting ended about 8:25 pm.

Dan A. Hawkins
Secretary-Treasurer

**1 Annual Meeting of the Membership
Upper Surface Creek Domestic Water Users Association
December 10, 2013**

Board President Jerry Figueroa called the meeting to order at 7:05 pm with the Pledge of Allegiance. Pastor Steve Puls offered an invocation.

Secretary Dan Hawkins read the **Call of the Meeting**.

Credentials Report:

The Credentials Committee reported a quorum, with 68 members present and 169 proxies for a total of 237, exceeding the quorum requirement of 176.

Dan Hawkins read the **minutes of the 2012 annual meeting**.

MOVED BY Harry Masinton,
SECONDED BY Dayton Myers, Sr. to approve.
MOTION CARRIED with no opposing votes.

President's Report:

Jerry Figueroa reported that this summer began with hot dry weather, but it began raining in July. The System water demand was about 7% less than last year, but we used 75% of our water because low reservoir carryover from the previous year.

The depressed housing market continued. Because of this, fewer water taps were sold. The revenue from tap sales allows for major system improvements. We sold six new taps this year.

A 6" pipeline was built on Cactus Park Road, replacing a rusted galvanized line.

The presence of algae in our reservoirs again caused an unwelcome taste in the water, although not as bad as last year.

Email billing saves about \$10.00 per account per year. About 15% of our bills are emailed at this time.

Discussions were opened with the town of Cedaredge this year regarding handling the joint ownership of facilities. We are offering to trade our interest in the treatment plant for an increased share of the spring water collection system.

Treasurer's Financial Report:

Dan Hawkins called attention to the state of the Association report contained in the handouts, which presents a rough balance sheet. He then presented a cash flow report and comparison to the 2013 budget.

Ron Diemoz asked what the expenses for utilities included. Hawkins explained it is electricity, phone, and heat at the office and shop. He said we recently switched from propane heat to natural gas, and we are expecting a savings because of that.

Old Business:

Chairman Figueroa reported on negotiations with the Town of Cedaredge. He

said the Board is attempting to gain a greater share in the spring water collection and transmission pipeline network from the present 20% to 35%, and the right to connect into the pipeline with a supply line to our treatment plant. In return for this, USCDWUA will relinquish its 20% ownership of the treatment plant, storage tank, and pipeline 12" pipeline. This trade is proposed to take place without any cash payment be either party. The current operating agreement with the Town is to be replaced by a new version reflecting the changed ownership.

Harry Masinton wondered how favorable Cedaredge is to this agreement. Mr. Figueroa said it seems possible so far, but many details must be agreed to. He said he realizes the Board has power on its own to make agreements; but that he would like to know if the members approve of this approach.

MOVED BY Veronica Minch

SECONDED BY Harry Masinton to pursue an agreement with the Town of Cedaredge as described.

MOTION CARRIED with no opposing votes.

New Business.

Dave Whittlesey asked if we have looked at the possibility of hydro-power. Jerry Figueroa replied that we have not. We would need to consult with an engineer to see if the idea is feasible.

Budget for 2014

Dan Hawkins presented two proposed budget scenarios for 2014. One was a deficit budget based on keeping the monthly base rate at \$31, and a recommended budget, based on raising the base rate to \$35. He said that with the absence of any new tap sales, the only income we can count on is monthly water sales, and at the \$31 rate the revenue will fall behind expenses.

There was extensive discussion over budget details. Many factors have caused our expenses to increase, such as new lead-free brass laws, increased health insurance, increased liability insurance, and inflated costs of pipeline materials.

MOVED BY Kelly Peterson

SECONDED BY Jim Thomason to approve the recommended budget with the monthly rates at \$35. per month.

MOTION CARRIED with no opposing votes.

ELECTION OF DIRECTORS

Jerry Figueroa introduced the currently serving directors. He said the terms of four directors are expiring this year. They are Bryan Klaseen, Dennis Grunkemeyer, Lynn Oliver, and Ellis Fritchman. The Chairman declared nominations open for the four positions.

MOVED BY Veronica Minch

SECONDED BY Tom Hery that if these four are willing to continue then appoint them by acclamation. All members agreed to serve again.

MOTION CARRIED with no opposing votes.

Jerry Figueroa thanked the credentials committee, Don Ahern, Dona Baptist, Martha Grewal, Jan Kennedy, Carol Kinderknect, Ken Munger, and Steve Puls. He also expressed his thanks to the staff, Dan Hawkins, Dayton Myers, Jr., Tim Frey, Helen Hawkins, and Lynn Puls and the Board of Directors.

The chairman asked if there was any other business. Jim Whitney asked if directors represent specific regions of the system. Dan Hawkins replied that all directors represent all of us. The purpose for assigning directors from different areas is to insure representation by people who live there.

The meeting adjourned at 8:23 pm. Cookies baked by Bonnie Kline and coffee were served following the meeting.

Dan A. Hawkins
Secretary-Treasurer

**Annual Meeting of the Membership
Upper Surface Creek Domestic Water Users Association
December 9, 2014**

Jerry Figueroa called the meeting to order at 7:03 pm with the Pledge of Allegiance. The **Call of the Meeting** was read by Secretary Dan Hawkins.

Credentials Report: Helen Hawkins and the Credentials Committee reported that a quorum was achieved. The quorum requires 178 members represented. There were 64 members present and 148 valid proxies for a total of 212.

Dan Hawkins read the **minutes of the 2013 annual meeting**. There were no changes proposed to the minutes, and Chairman Figueroa declared them approved as read.

President's Report:

Jerry Figueroa reported that due to a wet year, the total system demand was the lowest we have had for ten years.

He noted that depressed housing market continued, and we only sold two new taps this year. Since new tap purchases are the major source of funding for capital improvements, there was not much new construction. However, several pressure regulating vaults received new covers. There are around forty of these vaults, many of which are more than 35 years old. Also, the treatment plant received a number of major spare parts this year, anticipating that vital components may need replacing soon.

Once again, algae in Grand Mesa's reservoirs caused unwelcome taste in our water.

Discussions were held with the Town of Cedaredge this year regarding our mutual ownership of facilities. Unfortunately, negotiations seem to be at an impasse.

Mr. Figueroa concluded by saying that the year marked the first time in the history of the organization that a new vehicle was added to the fleet.

Treasurer's Financial Report:

Treasurer Dan Hawkins presented the 2014 Cash Flow report. He pointed out that total cash receipts were less than projected, due to reduced consumption in the rainy summer. This was somewhat offset by operational expenses being lower than projected, allowing the company to maintain a positive operational cash flow.

Hawkins reported that professional fees were high due to some legal fees and an engineering study to determine the capacity of the commonly owned raw water system.

He said that asset expenditures included spares for several treatment plant components that are crucial to the continued operation of the plant. He said that the long lead time required for obtaining these parts makes it necessary to have them on hand.

He reiterated what Jerry Figueroa had said about purchasing a new service truck. The intent was to buy a used truck, but thanks to some legwork by Jerry, a new one was located at an attractive price.

Loretta Molitor made a motion to accept the 2014 Cash Flow Report. Martha Grewel

seconded, and the motion carried by voice vote.

Old Business.

Chairman Figueroa explained the current situation with the Town of Cedaredge. The Association owns 20% of the Common System which includes, two treatment plants, a million gallon tank, diversion vault, transmission lines, properties and easements, and the raw water collection system. A professional appraisal has valued the system at two million dollars. Our share would equal \$400,000.

Since the current operating agreement with the Town is not being followed, the Board has been attempting to reach a new agreement. It was proposed to the Town that the Association turns over its 20% interest in the treatment facilities and million gallon tank in exchange for an additional 15% interest in the raw water collection system, making the total share 35%.

The Town has responded with the proposal that the Association turns over its ownership of the treatment plants, storage tank, and pipelines and retains its co-ownership of the raw water collection system at 20%.

The Board does not feel that this proposal is beneficial to the Association, and has attempted to negotiate. However, it has now reached the conclusion that the Town will not agree to anything beyond their counter-proposal.

New Business.

Jerry Figueroa continued the topic of the Town agreement, saying the Board proposes taking a new direction and seeking a court-ordered partition of the common system. The ideal outcome would be for the Association to be awarded a cash payment representing its ownership. However, Mr. Figueroa warned that the court's judgment could be different and unforeseen.

The law firm of Dufford Waldeck Milburn and Krohn in Grand Junction has been consulted regarding a partition lawsuit. It is estimated that the cost would be \$50,000 and take at least a year's time. A proposal for this expenditure will be explained in the discussion of the budget.

Dan Hawkins then brought up the subject of objectionable taste and odor in the water. He asked if the members consider the problem severe enough to spend a lot of time and money on modifying the treatment process. He said treating the reservoirs to reduce algae growth is not really a practical solution because there are so many possible offenders.

Loretta Molitor commented that the problem is only temporary, and she could live with it.

Veronica Minch said she uses a charcoal filter during the periods when the taste is present. Several other members remarked that they do the same thing. A suggestion was made from the floor that the Association could supply charcoal filters to those members who could not live with the taste and odor.

Jim Davis said the priority should be getting separated from the Town.

After much further discussion, Hawkins asked for a show of hands from those present who wanted the Association to invest in taste and odor control. No hands were raised.

Budget.

Treasurer Dan Hawkins presented the proposed budget for 2015. He called attention to

the proposal for a \$50,000 expenditure under "Common System." He said that in the past, this would have meant contributing to new construction on the jointly owned system. But now, it is money to be spent on recovering the Association's interest in the system. It is intended to cover legal expense, engineering, and an appraisal. He said that a vote to approve the budget with this line item is basically a vote to proceed with separation from Cedaredge.

Scott Morris questioned whether enough was budgeted for repair of the distribution system. Hawkins replied that more repairs were done this year than in any other year, and that as the system ages, it is reasonable to expect that cost to go up. Generally the budget for that line is based on previous years, plus an expected increase.

Barbara Silverman made a motion to approve the budget. Veronica Minch seconded. Motion carried by voice vote.

ELECTION OF DIRECTORS

Board members whose terms expire this year are: Deb Christner, Gerald Figueroa, and Herman Kline. Jerry asked if the outgoing members are willing to serve another term. Each of them agreed to do so. Harry Masinton made a motion to approve the reelection of these directors. David Whittlesey seconded. Motion carried by voice vote.

Jerry Figueroa expressed his thanks to the credentials committee, Don Ahern, Dona Baptist, Jan Kennedy, Carol Kinderknecht, Ken Munger, and Steve Puls. He also expressed his thanks to the Board of Directors, and the staff.

Dayton Myers, Sr. made a motion to adjourn. Richard Disner seconded. Motion carried by voice vote. The meeting adjourned at 8:20 pm.

Cookies and coffee were served following the meeting.

Don D. Hawkins
Secretary - Treasurer

**1 Annual Meeting of the Membership
Upper Surface Creek Domestic Water Users Association
December 8, 2015**

President and meeting chairman Jerry Figueroa called the meeting to order at 7:03 pm with the Pledge of Allegiance.

Dan Hawkins read the notice of the **Call to the Meeting**.

Credentials Report: Helen Hawkins and the Credentials Committee reported that 56 members were present and 128 proxies for a total of 184 members, making a quorum.

Dan Hawkins read the **minutes of the 2014 annual meeting**. There were no changes offered to the minutes.

MOVED BY Judy Mason

SECONDED BY Beverly Henry to approve the minutes of the 2014 membership meeting.

MOTION CARRIED by voice vote.

President's Report:

Mr. Figueroa reported on:

The water supply on Grand Mesa: This has been an unusual year. Due to low snow pack, we lost a lot of water, but with rains in May, the reservoirs have been restored. System demand was slightly greater than last year, but still among the lowest in the last five years.

System Maintenance: An aging water system can be expected to require more repairs, and this year showed that. Some of our pipes date back to 1960 or 1961. Not only the frequency of repairs but the cost of the repairs is increasing. As an example, this year the Association spent around \$5,000 just to repair paved roads that were damaged by water line leaks.

Lack of Growth: This was the first year since 1966 that the Association sold no new memberships. This hampers our ability to make desired upgrades to the system. Ten or twelve years ago that we were selling 20 or 30 taps.

Separation from the Town of Cedaredge: A lawsuit for partition was instigated and filed against the Town. The goal is to become finally separated from our existing agreement and joint ownership. It is hoped that the outcome will be financially favorable to us, but our attorneys have warned us repeatedly that the decision of a judge is difficult to predict. One possible outcome is a mediated settlement, which is expected to be ordered by the court before the matter is taken by the judge.

Water Quality: We have had better water quality this year. Because of the improved water supply on Grand Mesa there has been less algae pollution.

Treasurer's Financial Report:

Dan Hawkins presented the State of the Association report, which he described as a snapshot of our company at the end of our fiscal year. He then explained the 2015 Cash Flow Report, comparing the 2015 proposed budget with the 2015 actual spending.

Hawkins explained that money spent on the common system is for legal and professional assistance in separating from the Town of Cedaredge.

Stan Adams asked what is the Association's share of the common system. Hawkins replied that it is 20% of the system. Over the years, the Association has contributed \$350,000 cash to the system, and is hoping to recoup at least a part of that investment.

MOVED BY Judy Mason
Seconded by Stan Adams to accept the 2015 financial report.
MOTION CARRIED by voice vote.

Mr. Figueroa called for **Old Business**.

Marvin Kieca asked what is the status of the lawsuit. Hawkins said the lawsuit has been filed, but the case has not been heard yet, nor is there a court date.

Jerry Figueroa said that the Board had a tour of the Town's treatment plant to see the conditions there. The operator has been keeping it well maintained.

Bob Edwards asked if the Town has billed the Association for maintenance and improvements to the common system. Figueroa replied that they have not. Mr. Edwards asked if there is an estimate of what our 20% share of such improvements might be. Such an estimate is not available. Judy Mason asked if the Town could bill us. Dan Hawkins replied that, by the current agreement, they could.

Under **New Business** it was reported that the Association is working with Wright Water Engineers to find possible alternate sources of water in case of fire or other problems on Surface Creek.

Budget: Dan Hawkins presented the proposed 2016 **budget** and asked for comments. Tom Henry asked if we are losing money because of vacant houses. Hawkins said it is a short term cash flow decrease, but that we always recover the amount owed, plus interest when the property sells.

MOVED BY Jim Davis
SECONDED BY Tom Henry to approve the 2016 budget.
MOTION CARRIED by voice vote.

Mr. Figueroa announced that Board members whose terms expire this year are: Bryan Klaseen, Dennis Grunkemeyer, Lynn Oliver, and Ellis Fritchman. Dayton Myers, Sr. made a motion that if those members are willing to serve again, he would move that they be re-elected by acclimation. Figueroa asked if these members would be willing to serve another term. They all agreed. Judy Mason seconded the motion, which carried by voice vote.


Other Business:

Jerry Figueroa informed the members that are welcome to come to the (monthly) Board Meetings, held the second Monday of each month. He then thanked the credentials committee members who were Don Ahern, Dona Baptist, Jan Kennedy, Carol Kinderknecht, Ken Munger, and Steve Puls. He also thanked the Board of Directors and the employees.

MOVED BY Tom Henry
SECONDED BY Beth Meyer to adjourn the meeting.
MOTION CARRIED

The meeting adjourned at 8:10 pm. Homemade cookies from Bonnie Kline and coffee were served following the meeting.

Respectfully Submitted,



Dan A. Hawkins, Secretary-Treasurer

Annual Meeting of the Membership
Upper Surface Creek Domestic Water Users Association
December 13, 2016

Jerry Figueroa called the meeting to order at 7:04 pm with the Pledge of Allegiance. Dan Hawkins recited the notice of the **Call to the Meeting**. This was advertised in the Delta County Independent and the High Country Shopper

Credentials Report: Helen Hawkins and the Credentials Committee reported that we have a quorum. (We needed 177 members to make up a quorum. We had 69 members present and 162 valid proxies for a total of 231 registered members.)

Dan Hawkins read the **minutes of the 2015 annual meeting**. There were no changes to the minutes. Melanie Son made a motion to accept the minutes, Eric Fritchman seconded. Motion passed.

President's Report:

Jerry Figueroa offered his thanks to the credentials committee, which was comprised of: Carol Kinderknecht, Don Ahern, Shannon Fritchman, Dona Baptist, Barbara Fick, Ken Munger, and Paula Simenson. Jerry also listed the Board of Directors and the areas they serve: Upper Surface Creek, Lynn Oliver and Herman Kline; Redlands Mesa, Bryan Klaseen and Debbie Christner; Cedar Mesa, Dennis Grunkemeyer and Gerald Figueroa; and at Large is Ellis Fritchman. Jerry also introduced the employees; Dan and Helen Hawkins, Dayton Myers, Timothy Frey, and Lynn Puls.

The water supply this year was adequate, about 60% of our reserves were used. Probably there is about 40 to 45% storage left on the mesa.

Water quality was generally good, with only minor taste and odor problems.

Despite the lack of tap sales the system is operating in the black, mostly by keeping expenses to a minimum.

The legal costs for the partition lawsuit against the Town of Cedaredge have been lower than budgeted

A mediated agreement has been reached to settle the lawsuit. The agreement provides for either one of two buyout programs: Buyout A is a \$175,000 cash buyout, which would need to be done by February 28th, 2017. Buyout B would transfer Treatment Plant #1 ownership to the Association, which we would then lease to the Town for 210 months (17.5 years) for \$1000. per month. At the end of the 210 months, the plant will be transferred back to the Town.

Efforts to identify and develop alternative water sources in case of fire or other problems with Surface Creek are continuing. We are working with an engineering firm to look at the potential of developing a commercial well system near our treatment plant. This well or well system could promise a supply for emergency as well as maybe mix with the other water we use to improve our water quality and perhaps blend the quality. We will have to do test wells and see what the cost will be and what they will yield, that sort of thing. This seems to be the most promising for an alternate source of water.

We do have an interconnection at the present with the Town, so that they can

upkeep and they have to maintain things up to state standards.

Someone asked, "If they do Buyout A, what will you do with the money?"

Jerry Figueroa: We will use it on Capital Improvements as well as develop the emergency water source. This may go to the well system, an underground infiltration system. This will probably cost a good part of that. It may involve horizontal drilling, there are several options. There are a lot of advantages to doing a well system.

Someone else: "If the town can't come up with the \$175,000, do we have to go with Buyout B? Would the Town become our water system?"

Jerry Figueroa: We will own plant #1. I don't think that they will want to give that up. You are dealing with a municipality. If the Town should default on their payment, I'm sure that it would be another court battle. This is part of the reason they are trying to do Option A, because they don't want us looking over their shoulders all the time. Looking at their budget on-line, they have 1.6 million dollars proposed for the 2017 budget.

Harry Masinton: Our plant is 12 years old and it has served us very well. You said it is expensive to update and replace the filtration modules. You didn't say how expensive it would be to replace all of this.

Dan Hawkins: I don't have a concrete answer for that. Four or five years ago we added some filtration modules. We put in 16, and that came to \$65,000. We have 48 modules in our treatment plant. We don't think any of them is on the verge of failure; but their efficiency is going down with age. We have room to expand. We are not talking millions, but we are talking hundreds of thousands.

Someone: If I heard you correctly, each module is about \$3,000. Is that the replacement cost also?

Dan Hawkins: It's probably higher than that now.

Jim Whitney: Are there multiple vendors for the filters?

Dan Hawkins: Yes, we have been approached by another company besides Pall. There are at least two possible sources and maybe more as time goes by.

Jerry Figueroa: This membrane system is becoming more and more popular, so it makes things easier to find. About the money we get, we can replace these filters. We can tell by how we clean them how they are doing.

New Business: Study of alternative sources of water.

Jerry Figueroa: Do we do a well field system? This may require test drilling. These are some of the things we will look at in the next few months.

Someone asked: "What's our schedule for securing a new source?"

Jerry Figueroa: We need to find out what the town is going to do. We are looking at after the first of the year to start things. Maybe this summer we can start drilling.

Kevin Fischer had some questions about rust in his system. The rust is affecting his appliances such as his dishwasher. He's at the end of the line. Is there any relief for his rust problem?

Bruce Stanley: People have noticed that water pressure has decreased. You can hardly take a shower. Does the line need to be resized? Some people maybe using the water for agricultural or "medicinal" purposes.

Someone: How good are the PVC pipes?

Dan Hawkins: PVC pipe is pretty good but you have to watch out when installing it. Most problems are traceable to installation. Glue is not good in the system so we don't use it. Apparently PVC doesn't deteriorate at all.

Jerry Figueroa: We estimate \$20/per foot to replace pipe. How many taps would we serve? In the treatment of the water, chlorine decreases as it goes through the system. Item 59 (water), We can apply for grants. Maybe money is available for new development. Maybe low-interest loan money is available.
(above, not on tapc, starts where Jerry is talking about grants.)

Kevin Fischer made a motion to approve the 2017 budget. Harry Masinton seconded. Motion passed.

ELECTION OF DIRECTORS:

Board members are elected to a two year term. Board members whose terms expire this year are: Debbie Christner, Herman Kline, and Jerry Figueroa. Harry Masinton made a motion to retain the current directors. Bruce Stanley seconded. Motion carried.

Jerry Figueroa praised the Board for how good they are at working together. He also informed the membership anyone can come to the (monthly) Board Meetings if they would like.

Judy Mason made a motion to adjourn the meeting. Kevin Fischer seconded. Motion carried. The meeting adjourned at 8:10 pm.

Cookies and coffee were served following the meeting.



Respectfully Submitted:

Dan A. Hawkins

Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Annual Meeting
December 12, 2017

Jerry Figueroa called the meeting to order at 7:03 pm with the Pledge of Allegiance.

Call to the Meeting: Jerry Figueroa read the call to meeting; notice was published in the *Delta County Independent* on November 29 and December 6, 2017 issues.

Secretary Treasurer Report: Amber McPherson reported we have a quorum. We need 178 members to make up a quorum. We had 67 members present and 140 valid proxies for a total of 207 registered members.

2016 Annual Meeting Minutes: Jerry Figueroa read the 2016 minutes.

MOVED BY Eric Fritchman

SECONDED BY Bryan Klaseen to accept the December 13, 2016 Annual Meeting Minutes as written and read to the members.

MOTION CARRIED with no opposing votes.

President's Report: Jerry Figueroa offered his thanks to the Board of Directors and the areas they serve: Upper Surface Creek, Bill Elkins and Herman Kline; Redlands Mesa, Bryan Klaseen and Debbie Christner; Cedar Mesa, Dennis Grunkemeyer and Gerald Figueroa; and Member at Large is Ellis Fritchman. Jerry also introduced the current employees: Dayton Myers, Amber McPherson, Chuck Moore, Tim Frey, and Tyler Head.

2017 was an unusually busy year; here is the list of accomplishments:

- Settlement with Town of Cedaredge: In February, the settlement with the Town of Cedaredge for \$175,000 was finalized with the agreement we totally disconnect from the Town of Cedaredge. A new leveling tank was established. In August this project was completed in full.
- Leaks and Repairs: There were several leaks and repairs that were addressed throughout the year.
- Treatment Plant: Dayton Myers worked on the Filter Module alterations to make them more efficient. The plant computer system was upgraded as the old one was obsolete. The telemetry system at the Milk Creek Tank needed to be replaced as the old one was struck by lightning.
- Cedar Mesa Road Project: This had to be done this year because the county was widening the road from East 2600 Rd to bottom of Dry Creek. At first it looked like only 3,000 feet of pipeline, then 5,000 feet and finally it was completed at 8,500 feet of pipeline with 25 taps being reconnected to the new line. The total estimate for the Cedar Mesa Rd project was around \$120,000 and we came in under budget thanks to Eric Fritchman.
- Alternate Water Source: After consulting with engineers, drillers, geological surveyors, a well was drilled. At 75 feet there was a gravel seam and the well was producing 15 gallons per minute. At 180 feet there was another gravel seam and at 206 feet we reached the Mancos Shale Formation. After the casing, gravel pack, and grouting the well was tested and production was still at 15 gallons per minute. To have any impact on our water system we need about 140 gallons per minute. We will test pump the well through the Spring and Summer to see if the well is influenced by the creek. Then after the test pumping, we will determine if more wells in the area are feasible.
- Employees: Lynn Puls, Helen Hawkins, and Dan Hawkins have all retired from USCDWUA. New hires were Amber McPherson as Office Manager and Secretary Treasurer. Tyler Head was hired to assist in field maintenance. Chuck Moore was hired November 1. Chuck has a Class A treatment license. Dayton Myers is now the Operations Manager.
- Employment Policy Manual: We just completed a draft of the Employment Policy Manual to cover all aspects of employment with USCDWUA. We are now working on a Company Policy Manual which will be presented at the 2018 Annual Meeting.

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Annual Meeting
December 12, 2017

2018 Budget: 2018 Budget had 2 budget scenarios one at \$40 monthly base charge and a \$45 monthly base charge. We have 2 proposals for \$40 and \$45. Jerry explained the reserves are for money we have set aside. Jerry explained the income and cash disbursements for operations and assets. Jerry opened up for questions, there was a discussion of what the options were. There was a little confusion over the budget and reserve study. The reserve study is just beginning and it may not match the budget; it is a work in progress. The question was asked does the board have a recommendation and Jerry answered yes and it is the \$45 budget. Jerry answered that every board member had an opinion on how we should meet the needs; but collectively we put the budget together to let the members decide. There was discussion about do we really need to raise monthly fee to \$45. It was brought up that we do have \$300,000 in the bank now. It was also pointed out if there was a \$35 column it would show that we would not have any money left.

MOVED BY Loretta Moliter

SECONDED BY Marv Kieka to raise the monthly base rate to \$45 per month per tap.

MOTION CARRIED with a majority in favor.

MOVED BY Rodney Cadwell

SECONDED BY Keven Fischer to accept the entire 2018 budget as is.

MOTION CARRIED with no opposing votes.

Election of Directors: Board members are elected to a two year term. Board members whose terms expire this year are: Bryan Klaseen, Dennis Grunkemeyer, Bill Elkins, and Ellis Fritchman. Jerry Figueroa opened the floor for nominations; none were forthcoming. A question was asked of the board if the current members were still willing to serve on the board and it was affirmed they were.

MOTION BY Diane Cridler

SECONDED BY Richard Romero to re-elect the current board members for another term.

MOTION CARRIED with no opposing votes.

Dan and Helen Hawkins Retirement: Jerry talked about Dan and Helen and how much they have done for the company. Dan gave a little speech after Jerry introduced him.

Other Business: No other business was forthcoming.

MOVED BY Marv Kieka

SECONDED BY Dick Disner to adjourn.

MOTION CARRIED with no opposing votes

Meeting adjourned at 8:38 p.m.

Refreshments in honor of Dan and Helen were served following the meeting.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Annual Meeting
December 11, 2018

Deb Christner called the meeting to order at 7:05 pm.

Call to the Meeting: Amber McPherson read the call to meeting; notice was published in the *Delta County Independent* on November 28 and December 5, 2018 issues.

Secretary Treasurer Report: Amber McPherson reported we have a quorum. We need 181 members to make up a quorum. We had 73 members present and 126 valid proxies for a total of 199 registered members.

President's Report: Deb Christner introduced herself and reminded everyone of Dan and Helens' retirement last year so there has been a bit of restructuring, Dayton Myers is the Operations Manager and Amber McPherson is the Office Manager. They have done an excellent job and made a very smooth transition. They also spruced up the office ripped up old carpet and repainted; it looks nice. Chuck Moore has been with USCDWUA for 1 year and Tim Frey for 11 years.

There were also Board Member changes: Jerry Figueroa represented Cedar Mesa for 24 years stepped down. Bob Halley agreed to serve the remainder of his term; his position is up for election. Herman Klinc who represented Surface Creek, whose wife Bonnie made cookies for all those meetings, also stepped down after 40 years of service. Brad Stratman agreed to serve the remainder of his term. His position as well as Deb's is up for election tonight.

The other Board Members are: Bill Elkins representing Surface Creek; Bryan Klaseen representing Redlands Mesa; Ellis Fritchman is Member at Large; and Dennis Grunkemeyer representing Cedar Mesa. Deb turned the mic over to Dayton and Amber to give updates on water operations and office operations

Operations Report: Dayton gave an update on water operations:

- There had been violations the previous year we have gotten resolved and there were no new violations this year. The HAA5s are back in compliance and we are still working to find a less costly yet effective way to treat HAA5s. We are looking into UV Filters since the UV disables the HAA5. We will be doing tests during runoff which is our biggest issue.
- We had a well drilled last year and this past year was not a good year to test it. Run off will be the best time to test it.
- This year we had a lot of major leaks were fixed especially on July 4 and Labor Day. Overall the water use is 25% less this year than last year due to everyone on the system conserving water and USCDWUA finding leaks.
- Projects for the upcoming year are Rimrock Road; it's an old galvanized dead end line. It will take approximately 3,000 feet to replaced it then eventually we will take the line from Rimrock to Redlands Mesa, which will help if there is another break on 2800 Rd or P25 Rd. USCDWUA started on 2550 Rd and want to finish up this year. Then we want to get Surface Creek Rd and T 50 Rd replaced as well. These are all old galvanized lines that were installed in 1960.

Office Operations Report: Amber gave an update on office:

- The big winter project was painting and replacing flooring in the office.
- We did a computer upgrade for the office.
- In May we had to update our procedure for emailing statements, which become a big project.
- In November we switched over to a real utility billing software; we are now able to save money on postage, allows online payment and viewing of bills online. Hopefully, when all the kinks are worked out will be more convenient for everyone.

2017 Annual Meeting Minutes: Were distributed to the members prior to the meeting.

MOVED BY Barbara Silverman to accept the December 12, 2017 Annual Meeting Minutes as written.

SECONDED BY Tom Henry

MOTION CARRIED with no opposing votes.

Treasurer's Financial Report: Deb Christner presented the financial report for 2018.

MOVED BY John Shriver to accept the 2018 Financial Report.

SECONDED BY Marvin Kieca

MOTION CARRIED with no opposing votes.

2019 Budget: Deb presented the proposed Budget for 2019. Health Insurance went down because we changed to Rural Water Association. Water testing is less because the 1? testing is completed (DPH) is reclassifying water systems and right now USCDWUA is considered a Class B and Class 1 but will be Class A and Class 2. However, it will be a couple of years before it is mandated. Dayton also talked about the need for an SUV and backhoe. There was a discussion on telemetry for tanks to prevent the July 4 running out of water on Redlands Mesa.

MOVED BY Wendy Moder-Harrah to accept the 2019 Budget as presented

SECONDED BY Kathleen Morse

MOTION CARRIED with no opposing votes.

Election of Directors: Board members are elected to a two-year term. Board members whose terms expire this year are: Deb Christner (Redlands Mesa), Bob Halley (Cedar Mesa), Brad Stratman (Surface Creek). Deb Christner opened the floor for nominations; none were forthcoming. A question was asked if they were willing to do a second term. All three agreed to serve another term.

MOTION BY Dave Whittlesey to re-elect the current board members for another term.

SECONDED BY Barb Silverman

MOTION CARRIED with no opposing votes.

Other Business: Questions were brought forth by the members.

Q1. What if we don't get water this year what happens?

A1. Dayton explained if Grand Mesa doesn't have water nobody has water.

Q2. Another question was asked if wells were allowed?

A2. Dayton explained for agricultural use only. They cannot be connected to the house; the State and USCDWUA have rules.

Q3. Another question was asked about when the water is off and then it comes back how the consumers know the water is safe to drink?

A3. Dayton answered it is always safe it's just normal sediment from the steel lines we have.

Q4. A question was brought up about fire on Grand Mesa what would happen?

A4. Dayton explained if there was a fire, we would always have at least 350,000 gallons available

Q5. There was a question about using tail water?


A5. Dayton explained all the tail water is already spoken for.

No other questions were forthcoming.

Meeting adjourned at 8:00 p.m.

Refreshments were served following the meeting.

Respectfully Submitted:


Amber McPherson, Secretary-Treasurer

