

**Squaw Creek Ditch Company (SCDC)
Annual Stockholder Meeting Minutes
February 5, 2024**

Board/Officers/Legal:

President: LeAnn Carlsen
Vice President: Tom John
Treasurer: Marian (Melanie) Condon
Bookkeeper: Tracy Monticelli
Attorney: Board did not request an attorney's presence

Shareholders present at meeting with applicable inches (Signed into Meeting):

Avila – 2	Carlsen – 118	Christensen – 5
Darnell – 11	Everts – 10	Furst – 4
Gamble – 57	GGI Madden – 35	Goode – 5
Gorley – 5	Hale – 27	Hall – 5
Hamilton – 5	Hatzenbuhler – 5	Haver – 6
Houbein – 1	Hymas – 1	John – 13
Johns – 5	Kingan – 5	Kirkendall – 1
Link/Arthur – 75	Mann/Darby – 1	Marsters – 1
McKean – 6	Monticelli – 5	Moses – 97
Peters – 16	Probst – 5	Roberts – 5
Sanders – 3	Simmons/Condon – 1	Troutt – 1
Turner – 7	Zavaletta – 5	

Total Shares (inches) present: 554 inches

Shareholders submitting proxies to shareholders in good standing with applicable inches:

Barbara Avila:	Atwood – 2	Etchamendy – 2	Huston – 2
	Johnson/Sage – 8	Lane – 3	Misnick – 7

Thomas Carlsen:	Kirkpatrick – 13	Wilfong – 3
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Marian Condon:	Bernard Carreira – 1
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Roy Moses:	Waldner, Nancy – 120
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Total Shares (inches) by Proxy: 161

Total shares (inches) eligible for voting: 715

1. Meeting called to order:

The meeting was called to order by President, LeAnn Carlsen at 7:00 PM

2. Flag Salute:

The flag salute was led by Vice President, Tom John

3. Roll Call:

Roll call was completed by Bookkeeper, Tracy Monticelli. Roll call was completed by calling the names of shareholders not present. Shareholder's extending proxies were considered present.

4. Reading of 2023 Annual Meeting Minutes:

LeAnn Carlsen reminded the group that a copy of the Minutes was in the meeting package. She further indicated that the Minutes were a draft for review; any corrections needed will be discussed; then voted on by the group to accept or not.

The minutes were read by Treasurer, Marian (Melanie) Condon. Corrections and comments included the following:

- Prior to approval of the minutes, Jim Gibson (GGI Madden) asked where legal representation was this evening? Melanie indicated that legal counsel was not at the meeting.
 - Jim further asked why legal counsel was not at the meeting? LeAnn Carlsen explained that legal counsel was not mandatory at Annual Meetings
 - Jim asked why the Board had not included legal representation at the meeting? LeAnn indicated that the Board did not feel it was necessary to include them
- Jim Gibson asked that there be language in the minutes regarding the easement on both sides of the Ditch was incorrect – Roy Moses agreed – LeAnn indicated that the description should reflect what is included in the Bylaws.
 - The Squaw Creek Ditch Company Bylaws, Article II, Ditch Description and Maintenance, Section 4 – Ditch Right-of-Way reads as follows:

“Unless governed by a separate express, recorded easement, the Ditch includes a statutory and prescriptive right-of-way (i.e., easement) under Idaho Code Section 41-1102 and applicable common law generally measuring twenty-five (25) feet wide from top of bank each side of the Ditch in non-hillside/high-fill locations The bed of the Ditch measures generally fifteen (15) feet wide, but is not uniform and can vary from location to location.

The Company reserves the right to claim additional reasonable easement area under Section 42-1102 when circumstances (nature, location, and equipment needed for repair or maintenance) warrant. The Ditch easement serves the purposes of Company ingress and egress, water conveyance, and the Company's ongoing operation, inspection, maintenance, repair and replacement of the Ditch and is related works consistent with Idaho Code Section 42-1102."

- LeAnn called for a motion to approve the prior meeting minutes indicating that there were currently 713 shares eligible for voting.
- A motion to approve was made and seconded. Minutes were approved with a unanimous vote of 713 YAYS.
- Jim Gibson asked how many of the voting shares were in good standing? The Board indicated that all were in good standing in accordance with their payment of annual assessment invoices.
 - Jim further asked if they were in good standing with their Lateral Associations? The Board indicated that this was not a requirement of "good standing" in the Company's current view.
 - Jim felt that the Company was not enforcing all its Bylaws – he felt that to be in "good standing" votes had to also be in good standing with their lateral associations.

5. Officer's Reports:

President's Report from LeAnn Carlsen

- The Company recognized the passing of Al Moses – a long-time member of the Board. LeAnn extended condolences to the Moses family.
- LeAnn recognized members of the Board and officers for their great work during the year
 - Recognizing Tom John (who is 84 years old) and helping in repair of Flume
 - Recognizing Melanie Condon and Tracy Monticelli for working hard to update records and gather materials. Tracy has gone back 5 years on the financials putting them all on one spreadsheet
 - We have very few delinquent accounts – very few outstanding balances – if you are having trouble paying a balance for some reason – let the Board know – we will work with you to make a payment schedule
 - Working to update Headgate Maps – we have found some properties have changed owners 3-4 times
 - Rick Link and Martene were recognized for the work done

- Quick review of projects done this year – clearing the rockslide in the canyon; the canal was cleaned end-to-end; there was major repairs done to the Flume; a dead cow in the ditch (that Roy found) was removed; a beaver was trapped; de-mossing was completed; work done for property sales – all in all, it was a good year
- Flume project – special thanks to Rick and Marten for the hard work done – we would not have made it without the repair.
 - Flume repair has been an issue in the past (Meeting Minutes as far back as 2006 mention it as being 20 years old).
 - Rick pushed to get it done this year and Tom took the lead on the repair project.
 - Special thanks to George and Sheila Turner for allowing us onto their property for nearly a month to repair the flume and for the cookies too!
 - Special thanks to Randy Christensen and his son for helping remove brush – despite all the poison oak.
 - Thanks to Rick's sister, Joanne and Lidia who worked very hard cutting the brush and helping with the liner when it was snowing and raining.
 - Special thanks to a young man in the valley (who is not a shareholder) who helped us get it done – his name is Corey Barry – he lives near Dave Furst - he really helped with the manual labor
 - Thanks to Tom Carlsen as well for hauling steel and concrete and helping to pull the big liner through
 - Thanks to Roy for the help on the South end of the flume - trying to get the repair far enough along to allow water in
- Thanks to all the shareholders who helped as well – thanks for your cooperation to make the water flow and help in getting things done
- Special thanks to Jenny Furst who continues to host our website, Facebook and the use of her recordkeeping system license this year. Her support allows us to operate much more efficiently

Rick Link – Ditch Rider Annual Report

- Rockslide - with an early spring thaw there was a tremendous amount of rockslide in canyon
 - Shut the canal completely off – a lot of the water from the hill went over the bank – thankfully it did not cut the bank badly
 - We were able to spot it and fix quickly – Harvey Church did the work – and did a superb job that saved us a lot of money – he was able to bring his own cat and track hoe
 - Able to complete at a relatively good cost
- We discovered the Flume would not make it
 - We had a short window to replace the liner
 - We found the sheeting was also rotted

- We discovered the engineering of the flume entails a lot as it is banded together
- The project went together well – we did spend a lot of hours on it
- We need to put money aside for finishing the South end
- We did a very good job on the North end but, ran out of time to complete the South end (did the best we could with the time we had)
- We need to address the South end soon to get it done – maybe pour some concrete in the end so that the water does not come back through the ground under it
- We upped the Xylene this year. Rick did not feel that three barrels were enough – we upped it by two barrels
 - We will need five barrels going forward to get the coverage for everyone at the end of ditch – it dilutes a lot near the end – recommend we continue to get five barrels
 - Everyone was very good with shutting headgates – that helped a lot
- Everything went very well this year – got a little short toward the end of summer which is common
 - We did not have the water shortage we have had in the past but, this year we may need to conserve water given the current snowfall amounts - everyone needs to share the best you can
- We need to thank LeAnn too – she was there every day

Treasurer's Report from Melanie Condon

- Reviewed the P&L located in the meeting packet – concentrating on the middle two columns (2023 Budget and 2023 Actual) the last column we will discuss in New Business
- Take a look at the Income – Budgeted for \$63,475 and received \$66,302 (income) – difference due to transfer of properties – transfers are billed at \$500/transfer, and we had six this year.
- Ditch expenses – including Xylene costs; Ditch Rider fees; cleaning of the canal; Sage Hen water; Workers Compensation Insurance (lower due to hours reported) it will come back up; and other materials for a total of \$19,754 budgeted \$21,800
- Emergency/Non-Recurring Expenses – included the Canyon rockslide, which was not budgeted for, nor was the Flume repair that had to be done for \$18,044.88 – there was some budget here (\$23,171)
- Office expenses at \$10,457 for a total of \$48,257 total expenses – we had budgeted for \$63,053
- We were within budget this year with money to carryover
- Bank balance – Beginning Balance = \$41,092.95 plus revenue of \$66,302.40 for total operating capital of \$107,395.35 less expenses of \$48,257.16 for an ending bank balance of \$59,138.19 as of 1/31/2024
- Questions?

- What is the Other/Unidentified expense of \$13,171.00? It was a budget number for whatever unforeseen (contingencies) expenses that may come up for the year.
- Is there money budgeted for the Flume this year – yes, we will discuss in New Business, but we have budgeted money for the Flume this year
- Confirm the balance of \$59,000, is that the balance before we take in money this year? Yes, it is
- Will we try to hold that balance? Yes, we will but, keep in mind that we will have expenses this year that may eat into it with the Grant and the Projects associated with it

6. Old Business – LeAnn Carlsen

- Old and New business will kind of blend together some because we will need to work on Old Business projects that will be New Business projects as well
 - The big and little dam bridges –
 - Big dam bridge belongs to Mr. Probst – put with New Business so we can start on the Grant Project – get equipment over it to work on the Grant Project
 - The little dam bridge - big culvert is still sitting there – no time to complete in 2023
 - Canyon will continue to slide – there is a little bit of rock in the canal now – we need to review this as well
 - Spillway crossing has been on past Minutes – needs to be built out – extremely narrow cannot access with equipment (i.e. used to get four wheelers across) – not a safe thing – once water is in the canal – it is the only way to access above the ditch – if the water is down you can access by going into the canal
 - Flume – it is on the list of items every year – we put over \$8,000 in it this year - Rick talks about the South end needing work – we need to look at again this year
 - Grant Project still needs to start
 - All these flow into New Business – we can discuss further
 - We met a lot this Summer – at least once month if not weekly

7. New Business

- Recommendation to have open Board Meetings monthly – at one time The Board did meet once a month – we suggest that we meet once a month again – with an open meeting – Syringa Hall – we can meet for free – first Monday of every month – open Board meeting here at the Syringa Hall at 7:00 PM all are welcome
 - Open to committees, Lateral Ditches
 - Issues of concern
 - No voting will be done at these meetings
 - Trying to get Projects off the ground
 - We have reserved the Syringa Hall for the first Monday of every month

- Proposing the formation of various committees – Construction manager (Grant Project, Bridge, Dam)
 - We need volunteers for Projects
 - We know we have people with knowledge and skills who can help with various projects – Grant needs to be done correctly and legally – report back to the State how they want it, so we get reimbursed
 - Committee for Grant writing – another aging infrastructure grant applied for – asking for funds to organize and prioritize –
 - We need a long-term planning group formed – keep us on track for 5-10 years – what do we do first, when and how – we need to address the priorities and get them moving – it will take a lot to get our Projects done
 - Bylaws committee if issues need to be solved – there may be folks who want to review items – the Annual Meeting is not the place to make these changes – we need to get in front of changes etc. If anyone is interested in answering questions such as shareholders in good standing? Who is on the Board? Who can vote? How do proxies function? Bylaws can always be changed – but they need to be done correctly. If there is an interest – let us form a group
 - We encourage you to volunteer for groups that you may be interested in

- Lateral Associations – Melanie Condon

As a reminder the Ditch Company is only responsible for getting water to the headgates – beyond the headgates, Laterals are responsible to maintain waterflow

 - Beyond the headgates are a series of laterals – these laterals should be organized under an association – while the Ditch Company is not responsible for the lateral ditch – we want to be able to provide space and information regarding the Laterals
 - This will help support shareholders in forming lateral associations and provide SCDC with manager information that can be passed to shareholders having lateral issues
 - In the meeting package is our Bylaws’ reference to Laterals
 - There is more information on our website and in the package a page outlining State regulations for Laterals
 - We encourage you to go to the website for more information
 - Laterals are formed when there are three or more individual property owners getting water from a central point (headgate)
 - We want to give you an opportunity to form a Lateral Association – so that we can have someone to contact when there are issues with the headgate or when we need to close a headgate for chemicals etc. We need someone to manage the Laterals, and a Lateral Association helps with that

- A listing of headgates is included – we are still working on this so if you see something that needs correcting, let us know
- There is no information on headgate 17 because they have already formed an Association
- At the open meeting on March 4th to be held at the Syringa Hall at 7:00 P.M. – will be open to form your Association or to hold your Association’s Annual Meeting (which should happen every year between January 1 and March 31) to establish Lateral items that needs to be addressed
- We have included in the meeting package a sample Lateral Agreement
- Feel free to use the March 4th open meeting to meet with your Lateral or to form a Lateral Association
- If we do not have a contact person for your lateral – the Company will assign someone as a contact for your headgate

Questions?

- So, anything in the Lateral from the headgate is our responsibility, like a broker gate or a diversion mechanism? Yes, that belongs to the lateral group, as well as the cleaning and water flow so that everyone is getting the water.
- Is the Lateral Association something we need to report to the Board? Thank you for the question, yes, so we have an awareness of who to contact and when a new shareholder comes on to the Lateral – we will report to the Lateral Manager that there is a new member – we get questions regarding who to contact by new shareholders and title companies on transfers
- Clarification on Lateral groups? All properties owners on headgate 23 Pond - is that a potential Lateral Group? Yes, but make sure we have the information correct.
- Keep in mind that many newcomers to the Valley do not understand this information and as a result – the Board is also proposing a “Newcomer Package” that will tell them about the Ditch Company. The package will provide contact information regarding their Lateral (if applicable).
- We drafted Lateral Agreements for each headgate that we will provide to you on March 4th – based on the list in your package. This will provide you an opportunity to develop your Associations.

REMINDER: Open Board Meetings are scheduled for the first Monday of every month through December at 7:00 P.M. at the Syringa Hall. The only exception is the September meeting which will be held on September 9th (due to Labor Day). Come to the meetings if you have concerns that can be addressed outside an Annual Meeting or if you need to meet as a committee or Lateral Association.

LeAnn commented on the number of Projects that need to be completed this year and, in the future, so that we can maintain the delivery of water. For these Projects to get done we will

need the help of shareholders. The Board alone cannot do everything that the Company needs. We need long-term Project planning. We have researched other ditch companies and know that they have gotten big, long-term Projects done as the result of consistent priorities and planning objectives. It takes time to get grants – we need to get a planning group together to review our priorities and the funding required. We need to keep focused on our projects so we can keep the water moving.

Roy Moses asked that we address the “Frequently Asked Questions” segment of the website. The answers do not necessarily follow our Bylaws. They need to be revamped. The Board agreed to address this concern. Roy further commented that it may be good to have an attorney review our answers.

LeAnn interjected that there are a number of things (such as Bylaw changes, Grant requests) it would be prudent to have our attorney review them before we move forward. For the Grants, we want to make sure we are reporting correctly. We are volunteers on the Board and do not have all the answers.

- **Proposed Budget and Assessments – LeAnn Carlsen and Melanie Condon**
 - This is our proposal – if it does not “set right” with you – let us discuss
 - Information is on the far-right column of the P&L in your meeting package
 - There are 100 stockholders – not always the same every year – we have existing stockholders selling to other existing stockholders and new stockholders – so it changes – the 100 shareholders represent 1327 shares
 - An idea we want to put forth – the past account fee was \$300 for all stockholders with an assessment per share of \$25.00 – it was an issue last year with a question as to its legality as far as the assessment per share and the account fee being the same
 - According to the State Statute we can charge the same for the administrative fee (office expenses) up to \$50 – so we moved things around and got those fees to \$50 for everyone.
 - The annual assessment (the per share fee) will stay the same at \$25.00
 - What we are proposing is a change to the account fee as follows
For those with 1-4 shares the account fee would be \$100 (36 shareholder’s)
For those with 5-19 shares the account fee would be \$200 (46 shareholders)
For those with 20+ shares the account fee would be \$300 (18 shareholders)
As a result, 18 shareholders would pay \$50 more than last year.

If we looked at raising the per share assessment and completely

lowering the account fee (if we even could legally) we would be paying a lot more – if we did it per share – it would cost more than \$50/shareholder

- As we looked at this more and more – as people buy these properties, we will eventually have more share holders
- That is our proposal
- So, what would this do to income?
 - Administrative costs will produce \$5,000 in income (\$50 X 100)
 - Shareholders with 1 to 4 shares will produce \$3,600 in account fees (36 X \$100)
 - Shareholders with 5 to 19 shares will produce \$9,200 in account fees (46 X \$200)
 - Shareholders with 20+ shares will produce \$5,400 in account fees (18 X 300)
 - Annual assessment at \$25 on 1327 shares would produce \$33,175.00 in income
 - Total revenue from this proposed annual fee structure would be \$56,375
- When we looked at Budget beyond the Revenue, we incorporated the increased Xylene; our ditch rider at the same cost; cleaning of the canal at the same cost along with the Sage Hen water cost and Worker's Comp. etc.
- The Flume maintenance budgeted at \$2,750; Brush removal at \$1,000 and Canyon weed spraying at \$750. Those costs for the Ditch were budgeted at \$25,450.
- We added some legal fees (primarily for review of work done by the Committee).
- Bridge repair has been budgeted for \$10,000; the Grant contract was left at \$12,500 because we will need to address the matching funds for the Grant either in the form of a loan or some other means
- We hope for more volunteers who can help – and keep in mind that as a non-profit organization (529c) that if you do have a company that helps us on a project and you donate that work we can provide you a voucher stating the donation so that you can take it off your taxes – a possible option for us
- We do need your help to get everything done if we want to stay within Budget
- Office Expenses (administration) have been budgeted at \$5,252 – very close to the \$5,000 gathered from our administrative fee proposed
- The total expense budget is \$56,202

- It does not give us a lot of carryovers – but it is a justified proposed budget for what we need to accomplish this year
- We do have some carryover – things do cost a lot – with the carryover we have money to get the Bridge Project started and moving this year

Questions?

- I do not see anything budgeted for Flume repair. Yes, there is \$2,750 in the Ditch expenses called Flume Maintenance – we really need to complete the South end repair and old Minutes talk about replacing 20 boards every year (which hasn't been done because other things came up) – we replaced 6 this year – they are not easy to replace
 - Roy indicated that board replacement is not just the cross boards – it also includes the stringer boards (the long boards) that have not been replaced at all for a long time
 - LeAnn indicated that the big stringer boards were put in place in 1986
 - Roy further indicated that the stringer tops are all rotting off
 - A group needs to look at the Flume to determine the repair plan and costs – the South end, the cross boards and stringers
 - It is a genius design, but we may want to look at a Grant (suggested Roy) so that we can cover the whole thing at once rather than doing the repair piece meal – He was with an Engineer a couple of year's ago who talked about an Aging Infrastructure Grant - Roy talked with Megan at NRCS
 - Other ditch companies who have had million-dollar projects have worked with other agencies who have money available – important for the long-term view
 - We definitely need a planning group for Projects
 - Roy suggested we may want to get a loan to cover the big projects – outlining the plans to shareholders along with costs

Any other Questions?

Kirk Darnell raised a point that didn't have anything do with the budget, but it is something that has come up – where I am – we look at the dam everyday - I am not sure who the ditch rider was this year but we probably lost 20 days of water because there was more water going over that dam than I have ever seen – when there should have been hardly any. There was water just running crazy from when it was turned on the first time to when it was turned on again – it must have been turned on wide open – it just ran crazy? Leann indicated that it is not our dam but, it is all intertwined with our system. Kirk further indicated that it just shows how much water is coming out of Sage Hen – nothing to do with the dam – Eric Herd (water master) did not turn the water on until July – I noticed that also – Rick thought it was almost August – Rick had to call him. There was a bit more discussion – not a lot the Board could address.

Any Other Questions or Proposals for Annual Assessments?

Barb Avila had a question because she needs to explain the fees to others – I want to make sure I get it right – so everyone pays the \$100 Admin fee? No, it is a \$50 admin fee. Then if you had 4 shares I would pay? If you had 4 shares you would pay \$250.00 instead of \$400.00. That

brings us square with the State statues. That makes us legal with the statue of \$50.00 for administrative fees.

Any other questions about the Proposals? No more questions were raised

Any other Proposals? No, can we entertain a motion? Dorothy Peters motioned that we accept the Boards proposed annual fee assessment proposal. It was seconded by Barb Avila and Joe Zavaletta. For this we will vote by shares.

Discussion – Roy Moses representing a number of big shareholders wanted discussion – He did not feel that the original, bigger farmers are the ones incurring the extra expenses such as legal fees etc. – so I would like to propose that their per account fee be the same (not \$50 higher).

- LeAnn indicated that we already have a motion on the floor.
- Roy indicated that he was not going to vote for that motion.
- LeAnn indicated that that was fine. We will take a vote – if it does not pass, we will move forward.
- Roy indicated that the one thing he likes about the current proposal is that it appears fairer for folks such as Carol Duncan who has lived here all her life and Earl (her husband) was the ditch rider for years – not fair for her to pay higher fees. I like moving it down for her and for anybody else who has lived here for 40 years. It should not be that the extra-legal expenses and stuff like that be passed on to the larger farmers because they are not the ones who have caused it. The ones who have caused it are like we spent a lot of legal fees on Darnell Road – those costs should not be passed on to the large shareholders.
- LeAnn agreed but stated that we needed to be consistent and follow the Bylaws – we may not want Carol to pay much but the same person who moved in here two years ago with the same amount of land – we cannot charge them more.
- Tom added that one of the things the Board has done is if someone has a hard time paying their water bill – they come in and talk to us – they can pay it monthly
- Roy indicated that when he was on the Board, they did the same thing and for some of the widows – Rick and he paid their bills.
- Tom indicated that we could do that as well – but you know, we cannot always do that – we do that because we want to be charitable – all we ask is if someone is having trouble come in and talk with us – we will figure out something and somehow to do it – but, as LeAnn says it has to be on paper and in our Minutes a certain way and you cannot juggle that
- LeAnn offered – that the more people we get in (even though they are small) they will bring the money up
- Roy agreed that it was these people who came in who have actually helped us do these projects we have gotten done over the past couple of years – we would not have gotten the sandbag project done without more people – we tried to get that done with farmers in the area, but it didn't work.
- LeAnn offered that she reread the statues and both attorney's letters several times – we looked at the equitability of it – we talked when the Board first changed about

- how to help some of people even that we may not want to charge some of these 1 acre older ladies – but, we felt this was the fair thing – and if we had to lower that \$300 fee – it would end up costing more to other shareholders
- Roy suggested that there is another way to look at it – do we want (I am looking out for the larger landowners) – if you keep expecting more and more out of them, we are going to have more houses because that is the only thing you can afford to raise
 - LeAnn suggested that that is on the individual – if they cannot keep themselves whole, they cannot afford more
 - Roy indicated that that was a good thing in some ways and bad in others
 - Another shareholder asked how the Board arrived at the shareholder breaks such as the 1 to 4 shares: 5 to 19 shares - why not 1 to 10?
 - LeAnn responded that we built the Budget first, then looked at the landowners – who is the 1 to 4 – how many have less than 5 acres; how many have less than 10 acres; how many have more than 20 acres; how does that mathematically work out to meet our Budget?
 - The shareholder responded that the larger ones have 4 times as many acres but that aren't paying 4 times more.
 - LeAnn responded that their costs are made up for in the per share assessment
 - Well, that depends upon where you fall – if you have 5 acres or 27 or?
 - LeAnn responded well it does – but I would think the 20 and under would work
 - Another shareholder offered that he thought it was split fairly
 - LeAnn responded that we tried to
 - Kirk Darnell offered – I have been on both sides of this – I had 120 acres and now I have 11 acres – the ranchers can make money with the water available
 - LeAnn – we have a motion – unless no other questions – let us take a vote
 - Dorothy Peters restated that the motion was to accept the annual account fees and assessments as stated on the Board's proposed Budget P&L tonight –
 - Voting results = 35 Nays and 680 YAHS – motion passed
 - A shareholder asked if this was posted on the website? Answered yes, it was.
 - Jim Gibson raised an issue with the number of small shareholders who have not formed a lateral and as such they are not in good standing for a vote. Our Bylaws, in Article IV state that they “shall” form a Lateral Association to be in good standing.
 - LeAnn responded that as far as the Board is concerned, they are members in good standing who have paid their fees
 - Mr. Gibson stated that we are being selective - that your Bylaws read that they “shall” form a Lateral to be in good standing as does the State statute.
 - LeAnn responded that “shall” does not mean “will.”
 - Gibson responded that shall mean “you do it”
 - LeAnn – what number are you referring to –
 - Tom read the Bylaws which does not directly relate to demanding Lateral associations be formed to place a shareholder in good standing
 - LeAnn – Jim we are not going to argue the Laterals – we do not control the Laterals – we are offering them a place to meet next month

- Gibson insists that they may meet next month – but right now – they do not meet the “good standing” criteria
- LeAnn does not agree with that assessment
- A shareholder asked Mr. Gibson what his “beef” was with this? Why is this an issue for you?
- Gibson argues that he was made to adhere to the Bylaws so why shouldn’t everyone else?
- The Board response was we do.
- Shareholder response – we are going to have a Lateral Association
- Gibson response – you are “going” to have one – but you do not now – that means you have not met the criteria for a member in good standing now
- Another shareholder asks Gibson – where are you getting this definition?
- Gibson response – in your Bylaws
- Read your Bylaws – member in good standing
- LeAnn – we are not going to continue this discussion – I have reviewed both attorneys’ opinions on this and believe we are adhering to the member in good standing definition
- The proposed budget has passed 680 Yes to 35 No

▪ **Nomination and Election of Board – Tracy Monticelli**

It is time to call for nominations for the Board – we would like to know if there is anyone who would like to be a member of the Board.

- A motion was made to nominate the current Board members to remain on the Board – the motion was seconded.
- If the current Board members are willing to serve again –
 - LeAnn’s willingness to serve depends upon the other Board members choice to serve
 - Tom has to let the shareholders know that he is having medical issues and is spending a lot of time at the VA – he is not sure how much time he can give to the Board and he may not be able to serve in the capacity that is fair to the shareholders – but if you want him to serve he will do what he can do
 - Shareholders say yes – only if you take care of yourself
 - Shareholder is that a yes, or no?
 - Tom – it is a yes – I have enjoyed working with these people – I appreciate them
 - Shareholder - You guys have done a GREAT job
 - Tom – what we do not want is to patch anything – we want to fix it – it was a really great thing so see no water coming off the Flume when we were done

- The motion was voted on – result, was unanimous to keep the Board as is

- **Meeting adjourned – LeAnn Carlsen**
 - A motion was made to adjourn the meeting and seconded
 - The motion unanimously approved
 - LeAnn adjourned the meeting at 8:50 P.M.

DRAFT