

**Cedar Meadow Lake Watershed District  
Annual Meeting  
May 18, 2011**

The 2011 Annual Meeting of the District was scheduled to be held at the Knights of Columbus Hall in Leicester at 7:30 P.M. on May 18, 2011. The Proprietors of the District were notified of the meeting by First Class mail more than 14 days in advance of the meeting. Further, a copy of the same Warrant sent to the Proprietors (attached) was posted on the Leicester Town Clerk's bulletin board more than 14 days in advance of the meeting.

**Meeting Minutes**

The Meeting Clerks, Anita Johnston of 1 Maple Glen Lane, Leicester and Corey Lee of 61 Fairview Drive, Leicester registered members and offered hand-out material prior to the start of the meeting. Meeting moderator Ruth Kaminski was unable to attend the meeting. After having been assured that a quorum existed, Richard Johnston, District Clerk, of 1 Maple Glen Lane, Leicester convened the meeting at 7:45 P.M..

Article 1

Mr. Johnston read the Article. Wayne Ridley of 39 Lakeview Drive, Leicester moved that the District votes to elect a moderator to preside for the duration of the meeting. The motion was seconded. Mr. Johnston asked for nominations. Mr. Ridley nominated Norman MacLeod to moderate the Annual Meeting of the District. There were no other nominations. Mr. Johnston asked for a vote on the nomination. Norman MacLeod was voted as Moderator unanimously.

Article 2

The Moderator read the Article. Paul Dufresne of 47 Fairview Drive, Leicester moved that the District votes to hear a report from the Management Committee summarizing their activities since the last Annual Meeting of the District. The motion was seconded. The Moderator read the motion and asked for discussion. There was no discussion. The Moderator asked for a vote. The motion was voted unanimously.

Mr. Johnston took the Proprietors through a summary of the Management Committee's activities since the last Annual Meeting and used the attached document entitled "Cedar Meadow Lake 2010-2011 Action Plan Status Report" as a guide. With respect to Goal 1 - Dam Maintenance, Mr. Johnston stated that the routine maintenance on the dam was completed and that Mullins and Armington, a local landscape contractor was now cutting grass on the dam crest.. Goal 2 - The goal to remove large trees below the dam remained incomplete. Raymond Shea, owner of the land below the dam, continues to refuse access to his land to cut trees. Goal 3, to make repairs to the dam, was also incomplete. A slide showing a photograph of the dam was projected on a screen in the front of the room. Mr. Johnston described the history of repairs on the dam since 1997 and pointed to repair locations on the slide. A slide showing a cross sectional view of the dam was projected on the screen. Mr. Johnston described the construction of the gravity masonry dam and the results of dam repair efforts and soil sampling performed during the previous December. The soil sampling revealed that the front, or water side, of the dam was saturated with water. The water level within the holes drilled along the front portion of the dam between the spillway and gate house was equal to the water level of the lake. The water level in holes drilled along the back side of the dam was approximately five feet below lake water level. This made sense when compared to the noise of falling water heard previously within the dam. Eleven holes, eight to ten inches in diameter, were drilled down eighteen feet on average to the original, pre-dam, soil levels. Concrete was poured into these holes in an attempt to fill voids within the dam that might be allowing water to seep through the dam. This effort was only partially successful. Two significant leaks, one near the spillway and one near the low level outlet channel, were stopped, but one or two other known leaks remained. New, previously undiscovered leaks, became evident in the Spring when the lake was re-filled. Water was observed exiting from under heavy snow cover next to the downstream vertical wall of the dam between the gatehouse and spillway. Later, when the snow melted, heavy

leakage from three locations at the base of the vertical dam wall was confirmed. Mr. Johnston pointed out

the Management Committee's common sense approach to dam repair work had been successful since 1997, and resulted in the avoidance of a lot of engineering costs. He, however, stated that, later in the meeting, the Management Committee would propose that the District hire an engineering firm to provide expertise and guidance with respect to dam maintenance and repair.

With respect to Goal 4 - Weed Control, Mr. Johnston stated that the draw down program was not successful the past winter because rain and snow and melt outpaced the limited ability of the facilities at the dam to release water. Rather than the planned five foot draw down, the lake level came down only three feet, although the low level outlet and spillway channel were wide open from the first week in October through the end of January. The ice cap and lake level remained at the desired level of 32 inches below the spillway elevation from the end of December through part of March. The plan to keep the ice level down to minimize damage to shoreline structures was not realized because, again, with the low level outlet and spillway channel wide open, the ice and water level rose 23 inches in just nine days in March. Several docks that were left in for the winter on the east side of the lake were damaged.

With respect to Goal 5, to conduct water quality monitoring, Management Committee Member Wayne Ridley described the results of recent and past testing. He presented the attached summary of test results from 5/28/07 through 9/22/10. These consistently reveal that the lake has an excellent clarity level. Total phosphorus readings have been within acceptable levels. Mr. Ridley explained that the sample he collects are analyzed by Proprietor Mike Dupuis of the Oxford Rochdale Water District who has been performing the total phosphorus testing at no cost to our District. He also discussed testing for bacteria, specifically e-coli, and the zero to extremely low levels found. He explained that testing for bacteria was "unofficial" because the cost of State approved testing was quite expensive and was not warranted. Bacteria counts have been so low that expensive testing was not necessary. He assured the members that, if levels increased, the District would perform the more expensive testing. His summary included the last 11 test results where he continues to drop the oldest results off the chart as he adds the newest results.

With respect to Goal 7 - Friends Program, Mr. Johnston stated that \$245 in donations were collected from non-abutter neighbors to the lake. This was down about \$100 from previous years. Mr. Johnston took the opportunity here to thank Jeremy Lloyd of 1 Lakeview Drive for his \$500 contribution raised through his February ice fishing derby. Jeremy, with the assistance of Proprietor Shane Schimke on the day of the derby, conducted the first annual ice fishing derby to raise funds to benefit the District. Jeremy also put a new roof on the gate house at his expense. Jeremy received a well deserved round of applause. With respect to Goal 8 - Communications, Mr. Johnston explained that the District continued to send out newsletters and encouraged members to go to the District's web site managed by Terry O'Coin.

Goal 6 - Legal Defense, was discussed at length. Mr. Johnston explained that, with the assistance of member Attorney Corey Lee, a meeting was held with an attorney specializing in bankruptcy. He went on to explain that the law suit by Central Water District Associates and Raymond Shea was between CWDA and the District, not the individual members of the District. Mr. Shea could not go after anyone's individual property according to the bankruptcy attorney. He also explained the status of the appeal of Judge McCann's summary judgement decision by Shea and what was at risk by the District. The District and Shea are currently awaiting a decision by the Massachusetts Court of Appeals. This decision could come as soon as the end of May or early June. If the Court of Appeals decides in favor of CWDA, the Court could order a trial to decide the issue of the higher than statutory interest rates sought by CWDA. At risk is an additional \$700,000 in interest. It could cost the District an additional \$40,000 to \$60,000 to conduct such a trial. Our attorney, Ernest DeSimone could appeal such a decision to the State Supreme Court. If the Court decides that Judge McCann's ruling was correct, the court battle ends and Shea, through his attorney, will issue an execution to collect the outstanding judgement and interest. Mr. Johnston went on to explain that Shea had issued an execution to collect the judgement against the Burncoat Pond district, and that district was undecided concerning their plans to pay. The commissioners of the Stiles Reservoir district were prepared to propose to their members that they pay the full amount of the judgement to Shea. He explained that their decision was tied to the need to finance and perform about \$800,000 in dam repairs that would allow their lake to be brought up to full for

the first time in many years. He also reminded the members that Shea owed the Massachusetts Department of Revenue \$1.5 million in unpaid taxes and fines that was secured by liens against the three districts such that the first dollars passed as a result of the judgements against the districts would go to satisfy the tax and fine obligation. Shea, through his attorney, was attempting to negotiate a lower

number with the DOR.

Mr. Johnston put up the first of a series of three slides (attached) showing the impact of the currently outstanding judgements against the Stiles Reservoir District and the Cedar Meadow Lake district. The first slide showed that the \$1.5 million judgement against Stiles, when financed over 40 years at 4.25% interest would cost the 350 members on average \$236 per member per year for 40 years. The large number of members at Stiles made their judgement far more affordable. Paying the judgement also would allow them to get financing to repair the dam and to fill their lake. The second slide compared the financial impact of the judgement against Stiles with the financial impact of the \$1.6 million judgement against the Cedar Meadow Lake district members. There are only 85 members at Cedar Meadow. A significant issue when considering payment of such a large amount would be the need to provide for bad debt in the form of members that could not or would not pay their share of the judgement. The District would have to borrow money from a financial institution or the USDA to pay the judgement. That institution or the USDA would expect payment from the District, not the individual members. If some members did not pay their share, the other members would have to make up the difference. For purposes of illustration, Mr. Johnston use a bad debt provision of 20%, not unreasonable given the District's experience at collecting the one-time higher annual budget that included \$100,000 in legal expenses. With this bad debt provision included, the \$1.6 million judgement against Cedar Meadow, when financed over 40 years at 4.25% interest would result in an annual cost of \$100,700 and would cost the 85 members on average \$1,185 per member per year for 40 years. Mr. Johnston put up a third slide that recognized that the cost of operating the District and of repairing the dam as needed would not go away. This slide compared the above data with the probable budget going forward. Such budget would have to include \$20,000 per year in dam and lake maintenance and repair, and \$4,000 for administration and insurance. When combined with the annual cost to pay the judgement of \$100,700, the annual projected budget would equal \$124,700 per year and would cost the average member \$1,467 per year for 40 years. To put this in perspective, he explained that the average District member, having an assess evaluation of \$270,600, was currently paying \$3,174 in property taxes at a tax rate of \$11.73 per \$1,000.

Mr. Johnston then went on to explain the likely events that would follow when all the appeals and trials ended. Mr. Shea would issue an execution to collect the judgement and interest. No money in this regard would change hands until the members of the District to do so. A Special Meeting of the District would be called and the members would be asked to vote to secure financing and to pay Shea. A yes vote would end the law suit. A no vote would probably result an attachment of the District's assets by Shea, and a request for a Sheriff's sale of the District's assets, the dam and land under the lake. At this point, the District could consider filing for bankruptcy protection under Chapter 9 of the bankruptcy code. Chapter 9 is analogous to Chapter 11 of the bankruptcy code effecting businesses. There are no provisions in municipal bankruptcies for such as that available for businesses in the form of Chapter 7 in which the business is dissolved and its assets sold to satisfy creditors. The only thing that a bankruptcy filing would do would be to provide the District with time to organize its finances. A receiver or trustee could be appointed by the Bankruptcy Court. This person would likely not impose his or her own judgment concerning the fairness of the judgement but would, rather, accept the judgement of the ruling body, the jury. If the District members voted not to pay the judgement, the receiver or trustee could issue tax bills to recover the judgement. Non-payment of such tax bills would result in the Tax Collector's Office filing liens against individual property that would have to be settled at the time that the property changes hands. Such liens would also be applied if the District agreed to pay Shea and some members did not pay their tax bills. Bankruptcy was, in Mr. Johnston's opinion, "Not the ways to go." Mr. Johnston stated that there was one thing that Mr. Shea and the District members could agree on. Mr. Shea should not retake ownership of the dam. At the conclusion of the process, Mr. Shea and District members would have to make decisions. Mr. Shea would have to decide whether to settle for a lesser amount than the judgement or to retake ownership of the lake and dam. District members would have to decide how much they would be willing to pay to end the matter and to retain control of the lake. If Mr. Shea retook control of the lake, he would likely attempt to lower the water level for safety reasons,

and the District would oppose such action. In the years that have gone by since taking control of the lake, the Management Committee has learned a lot and is in a much better position to oppose efforts to lower the lake. A great deal of knowledge has also been gained regarding the rights of abutters to continue to use the lake.

During the course of this discussion, many questions from members were answered by Mr. Johnston and

Management Committee members. Mr. Johnston also asked for help from members willing to volunteer to perform various tasks. Clipboards were circulated and many members volunteered their time.

### Article 3

The Moderator read the Article. Tommy Lee of 61 Fairview Drive moved that the District votes to hear a report from the Treasurer. The motion was seconded. The Moderator asked for discussion. There being none, the Moderator read the motion and asked for a vote. The motion was voted unanimously.

Terence O'Coin, the District Treasurer, referred the Proprietors to a hand out entitled "FY2011 Report on Budget vs. Actual Expenditures" (attached) that had been distributed prior to the start of the meeting. This document showed that of the \$71,384.74 budgeted for FY2011, \$53,462.20 had been spent to date, \$16,320.00 in spending before June 30 was pending, and \$10,000.00 had been transferred from the Reserve Account to the Repair and Maintenance Account. He discussed each of six accounts, and actual and pending expenditures. He stated that dollars were not budgeted for additions to the Stabilization Account. Mr. O'Coin noted that, in addition to the \$15,000 paid to Attorney DeSimone, the District was finally able to pay the balances due the expert witnesses used during the trial. The largest expense in the Repair and Maintenance Account was the \$10,265.78 paid to R. H. White Construction to bore holes in the dam crest and to pour concrete into these holes. It was necessary to transfer \$10,000 from the Reserve Account to pay this expense because the majority, \$3,600.00, of the budgeted amount was spent on professional divers attempting to locate leaks in the dam. Mr. O'Coin discussed the details of the Administration Account and stated that this account was expected to come in slightly under budget. With respect to the Debt Repayment Account, he noted that, although the District voted to authorize a line of credit not to exceed \$30,000 and \$27,684.04 of this amount was included in the budget, projections indicated that it would only be necessary to borrow and repay \$16,455.97 due to the more timely issuance of revenue checks from District tax collections by the Town of Leicester Tax Collector's Office. Mr. O'Coin also discussed pie charts attached to the above described document and herein. One pie chart showed the distribution of budgeted funds and the second pie chart showed distribution of actual expenditures.

### Article 4

The Moderator read the Article. Mr. Ridley moved that the District votes to elect a District Clerk to hold office for a term of one year or until the next Annual Meeting. The motion was seconded. The Moderator read the motion and asked for discussion. There was no discussion. The Moderator asked for a vote. The motion was voted unanimously. The Moderator asked for nominations. Mr. Ridley nominated Richard Johnston. There were no other nominations. The Moderator asked for a vote on the nomination. Mr. Johnston was voted District Clerk unanimously.

### Article 5

The Moderator read the Article. Mr. Dufresne moved that the District votes to elect a District Treasurer to hold office for a term of one year or until the next Annual Meeting. The motion was seconded. The Moderator read the motion and asked for discussion. There was no discussion. The Moderator asked for a vote. The motion was voted unanimously. The Moderator asked for nominations. Mr. Dufresne nominated Terence O'Coin. There were no other nominations. The Moderator asked for a vote on the nomination. Mr. O'Coin was voted District Treasurer unanimously.

### Article 6

The Moderator read the Article. Mr. Lee moved that the District votes by ballot to elect a member to the Management Committee for a term of three (3) years. The motion was seconded. The Moderator read the motion and asked for discussion. There was no discussion. The Moderator asked for a vote. The motion was voted unanimously. The Moderator asked for nominations. Mr. Lee nominated Wayne Ridley. There were no other nominations. The Moderator explained the voting procedure. The Proprietors would show their Voting Cards and receive one Ballot for each Voting Card from the Meeting Clerks, enter the name of the person they wished to vote for and return the Ballots to the Meeting Clerks.

The Clerks would then tally the Ballots. The voting then proceeded as described and Mr. Ridley was voted as a member of the Management Committee to hold office for three years. There were 46 votes for Mr. Ridley. No other votes were cast.

#### Article 7

The Moderator read the Article. Mr. Ridley moved that the District votes to accept the Cedar Meadow Lake 2010-2011 Action Plan in the hands of the Proprietors. The motion was seconded. The Moderator read the motion and asked for discussion. Mr. Johnston referred the Proprietors to the Cedar Meadow Lake 2011-2012 Action Plan (attached) that had been distributed prior to the start of the meeting. He stated that the Current Situation page basically summarized what was discussed earlier in the meeting regarding the previous year's Action Plan.

With respect to Goal 1, Dam Maintenance, he indicated that this goal dealt with routine maintenance including mowing the dam surface. Goal 2, Tree Removal, would be limited to attempting to gain Mr. Shea's permission to enter the property below the dam to cut trees. Goal 3, Engineering Services, was a new goal. Mr. Johnston explained that, in the opinion of the Management Committee and R. H. White Construction, the District should engage the services of an engineering firm to provide expertise and guidance with respect to maintenance and repair of the dam. Goal 4, Dam Repair, calls for working with volunteer divers to locate the source of leaks, and to repair these leaks through the use of contractors when necessary. Water quality monitoring will continue in Goal 5. Goal 6, Weed Control will continue through the annual draw down program. The District will continue to achieve the best possible outcome in Goal 7, Legal Defense, through the use of an attorney or attorneys. With respect to Goal 7, the non-abutters neighbors to the lake will continue to be solicited for voluntary contributions through the Friends Program. Lastly, in Goal 9, the Management Committee will continue to communicate with the members via newsletters and the District's web site. Several questions were posed by members and answered by Mr. Johnston. The Moderator asked for further discussion. There being none, he read the motion and called for a vote. The motion was approved unanimously.

#### Article 8

The Moderator read the Article. Mr. Dufresne moved that the district votes to establish a Dam Repair and Maintenance Trust to help ensure that moneys voted by the District for dam repair and maintenance are expended only for these purposes. The Moderator asked if there was any discussion. Mr. Johnston stated that the purpose of this trust would ensure that moneys voted by the members for dam repair and maintenance would be devoted to this purpose and no other. He stated that efforts could be made by Mr. Shea and his attorney to go after the District's cash assets if the members vote not to pay the judgement. Dam repairs and maintenance must be given top priority for safety reasons and moneys voted for this purpose should be spent only on dam repairs and maintenance. Several questions were asked about the particulars of the Trust and expected results which were addressed by Mr. Johnston. The Moderator asked for further discussion. There being none, he read the motion and called for a vote. The motion was voted unanimously.

#### Article 9

The Moderator read the Article. Mr. Lee moved that the District votes to carry forward and/or transfer funds as described in a document in the hands of the Proprietors. The motion was seconded. The Moderator read the motion and asked for discussion. Mr. O'Coin stated that this Article was included in case it was necessary to carry money forward, but that there was no need to carry money forward.

#### Article 10

The Moderator read the Article. Mr. Ridley moved that the District votes to authorize the Management Committee to seek and secure a line-of-credit loan in an amount not to exceed \$30,000 to pay District operating expenses pending receipt of annual tax revenue. The Moderator asked for discussion. Mr. O'Coin explained that, due to the annual delay in receiving tax revenue, it is necessary to borrow money to pay expenses. The balance of the line-of-credit would be paid upon receipt of the tax revenues.

This is a continuation of the line-of-credit approved at the last Annual Meeting. He indicated that it was not

necessary to borrow the \$30,000 authorized in the current fiscal year and referenced the \$16,000 shown on previously discussed FY2011 Report on Budget vs. Actual Expenditures handout. The Moderator asked for additional discussion. There being none, he read the motion and called for a vote. The motion was voted unanimously.

#### Article 11

The Moderator read the Article. Mr. Dufresne moved that the District votes to approve the Fiscal 2012 budget in the hands of the Proprietors, the appropriation of monies to be raised by assessment upon the Proprietors in support thereof. The motion was seconded. The Moderator then suggested that the language of the motion be modified. Mr. Ridley, with the assistance of the Moderator, moved that the his motion be amended to remove the last three words, "in support thereof." The Moderator read the motion and asked for discussion.

Mr. O'Coin referred to a hand out entitled "Proposed Budget and Appropriation of Monies Fiscal Year July 1, 2011 - June 30, 2012 (FY2012)" that had been distributed prior to the start of the meeting and described each item. He explained that the left hand column showed the annual Budget Amounts totaling \$96,065.38. The next column showed that the budget did not include any monies carried forward from FY2011. The next column, entitled "From FY2012 Tax Revenues" represented the amount, \$48,107.88 to be raised through taxation. The next column to the right represented the amount, \$7,950.00 to be taken from Free Cash. The next column on the right entitled "From Issuance of Debt" showed \$35,107.50, the amount to be borrowed from the line-of-credit. The last column to the right entitled "From Stabilization Account" totaled \$4,900.00

Mr. O'Coin went on to explain the budget line items in detail. Line 1 included \$11,887.50, the amount owed Attorney DeSimone for work performed in the current year. He explained that the District exceeded the amount budgeted for legal fees and that Attorney DeSimone agreed to wait to receive payment until the next fiscal year. Line 2 included \$13,000 for expected legal fees in FY2012. Line 3, Debt Repayment included \$36,862.88 as the amount budgeted to repay the line-of-credit loan with Commerce Bank. Line 4, Repairs and Maintenance, totaled \$21,070 including \$100 for gatehouse maintenance, \$850 for grass and brush trimming, \$10,000 for dam repair, \$10,000 for dam engineering, and \$120 for water monitoring and testing. Line 5, Administration, totaled \$3,245 and included \$900 for communications, the cost of printing and postage, \$1,000 to have the District's accounts audited, \$229 for the Treasurer's bond, and \$1,116 for liability insurance. As is customary, \$10,000 is included in the Reserve Account on Line 6 that allows the Management Committee to pay unanticipated expenses. Lastly, Mr. O'Coin stated that the budget did not include a contribution to the Stabilization Account on Line 7. He explained that the amount to be raised from taxation was up from the approximately \$33,000 in FY2011 due to the need to pay legal fees carried over from the prior year and the \$10,000 included for engineering services. The amount to be raised from taxation had been reduced by the \$4,900 being taken from the Stabilization Account. Mr. O'Coin answered several questions from the members. Upon completion of Mr. O'Coin's presentation and the question and answer period, the Moderator asked if there was any other discussion. There being none, the Moderator asked for a vote on the amended motion. The motion was approved unanimously.

#### Article 12

The Moderator read the Article. Mr. Lee moved that the District votes to discuss any other business that may properly come before this meeting. The motion was seconded. The Moderator read the motion and asked for discussion. There was no discussion. The Moderator asked for a vote and the motion was approved unanimously. Mr. Lee explained to the audience that this was their opportunity to bring up questions not previously answered during the meeting or to raise new subject for discussion. Several general questions were asked and were responded to by members of the Management Committee.

#### Adjournment

The Moderator stated that he would entertain a motion for adjournment. This motion was made and

seconded and approved unanimously. The meeting adjourned at 9:35 P.M..

A True Copy Attest:

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Richard D. Johnston  
District Clerk