

**Cedar Meadow Lake Watershed District
Annual Meeting
May 16, 2012**

The 2012 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 16, 2012. District by-laws require a fourteen (14) day notice

The Proprietors of the District were notified of the meeting by First Class mail on May 1, 2012, and a copy of the same Warrant sent to the Proprietors (attached) was posted April 30, 2012 on the Leicester Town Clerk's bulletin board.

Meeting Minutes

The Meeting Clerks, Anita Johnston of 1 Maple Glen Lane, Leicester and Peg Prynosi of 39 Lakeview Drive, Leicester were sworn in by the Moderator, registered members and offered hand-out material prior to the start of the meeting. After being assured that there was a quorum, Ruth Kaminski convened the meeting at 7:45 P.M.. She asked District Clerk Richard Johnston if he agreed that the Warrant for the meeting was posted and the Proprietors properly notified in accordance with the by-laws of the District. Mr. Johnston answered in the affirmative.

Attendance by Proprietors (also referred to as "members") owning property within the District with an assessed valuation of \$7,811,333 was required to establish the required one-third (1/3) quorum. Proprietors owning property with an assessed evaluation of \$16,966,700, 72.4% of the District total, registered to vote at the meeting in-person. An additional \$1,457,400, 6.2% of the District total, was represented by proxy, for a total of \$18,424,100, equal to 78.6% of the District total.

Article 1

Mrs. Kaminski read the Article. Paul Dufresne of 47 Fairview Drive, Leicester moved that the District votes to elect a Moderator to preside for the duration of the meeting. The motion was seconded. She asked for nominations. Mr. Dufresne nominated Ruth Kaminski and noted that this was the District's 19th Annual Meeting and that Ruth was the Moderator at all but 3 or 4 of these meetings. There were no other nominations. Mrs. Kaminski asked for a vote. Ruth Kaminski was voted unanimously as Moderator.

Article 2

The Moderator read the Article. Tommy Lee of 61 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 2011-2012 Action Plan Status Report" as a guide. He stated that, with the exception of dam repairs and legal issues, he would be brief in the interest of getting to Article 8 sooner. He also stated that, since the last Annual Meeting, the Management Committee met 10 times.

With respect to Goal 1 - Dam Maintenance, Mr. Johnston stated that the routine maintenance on the dam was completed. Goal 2 - Tree Removal, the goal to remove large trees below the dam remained incomplete. Raymond Shea, owner of the land below the dam, continued to refuse access to his land to cut trees. Goal 3, to make repairs to the dam, was also incomplete. Mr. Johnston summarized the events around discovery of a new leak during the previous winter, plans to make repairs to stop this leak in the Fall of 2011, the sinkhole that developed in the dam crest in August 2011, executing the District's Emergency Action Plan, and temporary repairs to make the leak safe within a few hours of discovering the sinkhole. He went on to describe a series of events that delayed the repair of the leak that caused the sinkhole. First, the water levels could not be brought down as planned. Next, there was no money available to make repairs because Commerce Bank refused to renew the District's line-of-credit after the Court entered the judgement in December. A generous friend of the District stepped forward to personally guarantee repayment of a line-of-credit with the Spencer Savings Bank. This commitment made it possible to, again, move forward. These efforts were thwarted when Fuss and O'Neill Engineering could not seem to embrace the idea of a simple repair, nor understand that the District had limited resources. The District now has a good working relationship with Lenard Engineering. They understand the need to keep costs down and immediately verified the existence of a clay berm running through the core of the dam. Required topographical and metes and bounds survey work has been completed. Mr. Johnston put up a PowerPoint slide (attached) that showed the engineering drawing of the dam calling for capping the existing berm with additional clay, along with his cross-sectional sketch (attached) showing the berm and planned cap. He pointed out where the sinkhole developed and showed the planned Phase I repair area between the gatehouse and spillway. He explained that cost estimates were in, and a Chapter 253 dam repair permit would be filed the next day. He further explained that the Leicester Conservation Commission had been very helpful and would grant an emergency certificate to perform the repairs. The expectation was that the repairs would be completed in the next few weeks, but warned that it would be necessary to drop the water level down about a foot, and asked that members keep this in mind when tying up their boats.

With respect to Goal 4 - Weed Control, Mr. Johnston stated that the draw down program was not successful during the past winter because it was not possible to drop the water level more than 32 inches. He described the work done by members Tommy Lee, Norman MacLeod, Nate Cospers and Norman's friend Carl on a cold and windy day to install two temporary siphons across the crest of the dam to accelerate the draw down. Mr. Lee secured the 8-inch PVC material at contractor costs through a plumber friend. These siphons worked very well until they froze up. Mr. Johnston described plans to investigate the low level outlet and to permanently install the siphons across the spillway in the Fall.

With respect to Goal 5, to conduct water quality monitoring, Mr. Johnston explained that additional water samples were not collected during the year because weather conditions did not cooperate with Wayne Ridley's work schedule. These samples cannot be collected when it is raining or just after it rains, and it seemed that each time he had the time to collect the samples it was raining or had recently rained.

With respect to Goal 6, Legal Defense, Mr. Johnston explained that the District had achieved some success in Central Water District's appeal of the interest amount. The Court of Appeals decided that Central Water District was entitled to compound interest and not compounded interest tied to AAA bonds. This added \$100,000 to the amount owed by the District, \$600,000 less than the amount sought by Central Water District Associates. As the eminent domain litigation was coming to an end, Attorney DeSimone recommended that the District work with an attorney with experience in bankruptcies and

collections. He contacted people in the Worcester court system, and Attorney David Nickless was recommended. He explained Attorney Nickless' 25-year experience as a Trustee of the U. S. Bankruptcy Court. Mr. Johnston also explained that, after engaging the services of Attorney Nickless, he discovered a nice bonus in Attorney Nickless' partner Attorney Deborah Phillips, a municipal law attorney. Their combined skills were just what the District needed. He introduced the attorneys to the members, and also introduced Clark Rowell, Vice President of UniBank Financial Services, the District's financial advisor. In addition to these experts, the District also secured the services of Attorney Rick Manley as bond counsel.

With respect to Goal 7 - Friends Program, Mr. Johnston stated that \$345 in donations were collected from non-abutter neighbors to the lake including a generous \$100 contribution from the Green Mountain Club. Mr. Johnston explained with respect to Goal 8 - Communications, that the District continued to communicate through newsletters and the District's website managed by Terry O'Coin.

Article 3

The Moderator read the Article. Wayne Ridley of 39 Lakeview 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 "FY2012 Report on Budget vs. Actual Expenditures" (attached) that had been distributed prior to the start of the meeting. This document showed that of the \$96,065.38 budgeted for FY2012, \$33,197.53 had been spent to date, \$36,144.28 in spending before June 30 was pending, and \$10,000.00 would be transferred from the Reserve Account to the Repair and Maintenance and Administration Accounts. \$36,723.57 was expressed as Leftover Funds that were not taken from the line-of-credit. He discussed actual and pending expenditures in each of six accounts.

Article 4

The Moderator read the Article. Mr. O'Coin 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 Paul Dufresne. 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. Dufresne was voted as a member of the Management Committee to hold office for three years. There were sixty-three (63) votes for Mr. Dufresne, one (1) abstention and one (1) blank ballot.

Article 7

The Moderator read the Article. Mr. Ridley moved that the District votes to accept the Cedar Meadow Lake 2012-2013 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 2012-2013 Action Plan" (attached) that had been distributed prior to the start of the meeting. He described the Action Plan as a road map for the year that follows. He stated that, again, in the interest of getting to Article 8 sooner, he would be brief and recommended that the members read the Current Situation page at their leisure.

With respect to Goal 1 - Dam Maintenance, he indicated that there was no change from the previous Action Plan. He stated that Goals 2 and 3 really went together, and that the District would work with Lenard Engineering to develop a long term plan for dam repair and maintenance. He indicated that some of the previously described Phase I work could possibly spill over into the Fall of this year when water levels would be down 5 (five) feet. He also discussed plans to investigate and correct problems with the low level outlet along with the permanent installation of siphons over the spillway.

Goal 4 - Tree Removal, had taken on added importance. Mr. Johnston explained that the Office of Dam Safety had adopted new rules concerning the safety rating of dams. When a dam inspection is performed, several critical areas, such as leakage and vegetation growth, are given individual category rating scores. Previously, these scores were added together and an average overall rating was applied to the dam. Under this system, our dam was given a "fair" overall rating. Under the new system, a dam can only be rated as high as the lowest score given on any one of the most critical categories. Having the trees too close to the dam will mean that the dam will be given a "poor" overall rating and the District will be required to have the dam inspected every six months instead of every five years. The District will also face fines if the conditions causing the poor rating are not remedied.

Mr. Johnston stated that the Goal 5 - Legal Defense, to achieve the best possible outcome for the District, still applied. With respect to Goal 6 - Financing, he stated that this was a new goal to form a committee to work with the Town to bill repayment of the judgement and to help manage District investments. Goal 7 called for collecting and testing samples of lake water. Mr. Johnston stated that Goal 8 - Weed Control had been expanded to appoint a committee of volunteers to study and map non-native weed populations, particularly the Fanwort in the north coves of the lake. Goal 9 – Fund

Raising had been expanded to include programs such as the ice fishing derby. Lastly, in Goal 10, the Management Committee will continue to communicate with the members via newsletters and the District's web site.

There were only a few questions. Members asked if there was anything the District could do through the Office of Dam Safety to force Mr. Shea to allow the trees to be cut. Mr. Johnston reiterated his frustration when seeking help from the Office of Dam Safety. He stated that the Director of the Office of Dam Safety visited the dam and then sought a legal opinion from his office's legal department. These people would not issue an opinion. The Moderator asked for further discussion. There being none, she read the motion and called for a vote. The motion was approved unanimously.

Article 8

The Moderator read the Article. Mr. O'Coin moved that the District raise and appropriate one million, eight hundred thousand (\$1,800,000) dollars to pay for the cost of acquiring a 144+/- acre parcel located in the Town of Leicester, Worcester County, Massachusetts, know as Cedar Meadow Lake (also known as Cedar Meadow Pond), including a certain masonry dam located on said parcel, and to pay for any and all costs incidental and related thereto, and that to meet this appropriation, the Treasurer, with the approval of the Management Committee, is authorized to borrow said amount under and pursuant to Chapter 44, Section 8(20) of the General Laws, or any other enabling authority, and to issue bonds or notes of the District therefor, provided however that no funds shall be spent and no bonds or notes shall be issued until and unless the General Court authorizes the District to assess betterments to be repaid over a period of forty (40) years for any such borrowing. The motion was seconded. The Moderator asked for discussion.

Mr. Johnston stated that he and Mr. O'Coin would take the members through a discussion about what would happen if the District voted to pay the judgement, and Attorney Nickless would discuss the consequences of a "no" vote. He stated that the language of the motion was developed by Attorney Phillips and bond counsel, Rick Manley, and with the input of Clark Rowell. He stated that our borrowing would be bonded and that some very specific requirements must be followed. He explained that there would be consultations with Attorney Phillips if there were any changes in the wording of motions.

Mr. Johnston started by advising the members that the District had secured approval of a \$1,800,000 USDA Rural Development loan with the assistance of Clark Rowell, and described the process of securing this approval which was contingent upon a vote of the District. He complemented the people that he dealt with at the USDA for their efficiency and professionalism.

Mr. Johnston stated that the elected officials of the District will not make a recommendation as to whether to pay the judgement, but will recommend that, if the members vote to pay the judgement, to repay the loan through betterments rather than taxes. He referred to a yellow handout (attached) prepared by UniBank Fiscal Advisory Services that illustrated the repayment of a \$1,800,000 loan over forty years using the level annual principal method. This was the same method that must be used on an individual basis by the Board of Assessor's Office when billing betterments. The schedule showed a level \$45,000 annual principal payment, declining principal balances and declining overall annual payment amounts. Mr. Johnston asked the members to note that payments are much higher in the initial years and much lower at the end of the repayment period. The schedule also incorporated a 1.25% added District interest charge. He explained that it would be necessary to add one quarter of one percent to

the interest charge to cover the Town's administrative expenses to bill and collect either betterments or taxes. It will also be necessary to add 1% to ensure that there are sufficient funds down the road to pay off the loan. He explained that, when a member paid off a betterment either voluntarily or as a result of the sale of a property, the amount of money that would have flowed to make loan payments would no longer be available. The betterment pay off would be placed in a stabilization account, and these funds would be used to pay loan payments and would be invested to earn dividends and interest. He went on to explain that, over a forty year period, a 3.375% interest loan is going to look very good, and that the District should be able to make safe investments paying five to six percent as was the case until the recent financial crisis. In the short term, however, the District would only be able to find one half of one percent interest rates. The 1% added charge would make up for part of this difference.

Before turning the presentation over to Mr. O'Coin, Mr. Johnston talked more about betterments. He explained that these are most commonly used for sewer or water main extensions. When a main is installed on a street, each property that the main goes by is assessed a betterment. These betterments can be paid off in a lump sum or over time. Attorney Phillips was able to use her contacts at the Municipal Finance Bureau and Department of Revenue to secure approval for the District to bill betterments to repay the loan. He put up a PowerPoint slide that showed the pros and cons of betterments vs. taxes (attached). With respect to the pros, this slide showed that betterments could voluntarily be paid off, that the loan would be paid long before the 40 year term, that it would be easier to sell property, and that total interest charges would be lower over the term of the loan. With respect to the Cons, the slide showed that initial payments would be higher, as shown in the UniBank prepared yellow handout, that it would be necessary to add 1% to the interest rate as he described previously, and that betterments were not tax deductible.

Mr. Johnston turned the presentation over to Mr. O'Coin who took the members through two schedules (attached). The purpose of these schedules was to show each member in attendance their individual share of loan repayment in combination with estimated future District operating budgets. Each schedule listed each Proprietor's name, address, assessed valuation of their property, percentage share of the total District assess valuation, annual tax bill for fiscal year 2012, future annual tax bills for a \$25,000 District operating budget, annual payment for the judgement loan, annual estimated total tax burden, and share of the raw total judgement of \$1,800,000. He explained that the difference between the two schedules was the amount included in the Annual Payment Judgement Loan column. One schedule showed the amount of \$128,250. This was the same number expressed in the yellow sheet prepared by UniBank. The numbers expressed in this column represent individual first year payments under the betterment option. The second schedule showed the amount of \$82,663 in the Annual Payment Judgement Loan column. This is approximately equal to the average individual payment over the forty-year loan term under the betterment option. It also represented the annual payment if the members voted for the tax option. He noted a typographical error. While the Annual Estimated Total Tax Burden numbers under the betterment option were correct, the \$82,663 number expressed in the second line should have read \$128,250. Mr. O'Coin used the first lines of each schedule, property owned by John Ajemian, to take the members through the schedules. Under the betterment option, Mr. Ajemian would pay \$351.30 annually for a \$25,000 annual operating budget, and \$1,802.19 as his share of the annual judgement loan payment, for a total estimated first year tax burden of \$2,153.50. His share of the Raw Total Judgement amount of \$1,800,000 is \$25,293.91. Under the tax option, Mr. Ajemian would pay \$351.30 annually for a \$25,000 annual operating budget, and \$1,161.59 as his share of the annual judgement loan payment, for a total estimated annual tax burden of \$1,512.90.

At the conclusion of Mr. O'Coin's presentation, Mr. Johnston put up another PowerPoint slide (attached) showing the time line associated with the betterment option. Under this option, members would make betterment choices in January 2013 to the Assessor's Office concerning the number of years over which they would like to pay their betterment and/or whether they wished to make a lump sum payment to either pay off or reduce the amount of the betterment. If they chose to make lump sum payments, these payments would be made in February 2013. The District would receive the proceeds of the USDA loan in March 2013. The first betterment payments would be due in August and November of 2013. The first District loan payment would be due in March 2014.

The last PowerPoint slide that Mr. Johnston shared with the members was entitled, "What If I Don't Pay My Share" (attached). This slide showed the fees and interest charged by the Tax Collector when someone fails to pay their taxes or betterment payments. Also shown were the powers of the Tax Collector to take property for unpaid District taxes and betterments. Mr. Johnston emphasized that the Tax Collector would work with people to avoid this by setting up payment plans, that property has never, in the Tax Collector's experience, been taken for failure to pay district taxes and betterments, and that the worse thing someone can do is to ignore tax and betterment collection notices.

Presentations by Mr. O'Coin and Mr. Johnston were followed by a lengthy question and answer period. Many questions pertained to the betterment vs. taxes as a means of repaying the loan. There was discussion and questions pertaining to the need to add 1% to bolster the loan repayment stabilization account, about the possibility of some members not paying their share and this burden coming back on those members that did pay, and about the USDA loan being a District obligation, not an individual obligation.

Attorney David Nickless then summarized what could happen if the District decided not to pay the judgement. He emphasized that there were a lot of unknowns because there is no history of similar situations in Massachusetts. He stated that bankruptcy under Chapter 9 of the Bankruptcy Code could not be applied because municipalities cannot file bankruptcy in Massachusetts. Attorney Nickless described conversations with Mr. Shea's attorney, Jack Egan, during which Attorney Nickless expressed concern that many District members may not be able to pay. Attorney Nickless sought an economically feasible settlement number. It was Mr. Shea's position that all the appeals were concluded, the court had decided the issue, and he would not take less than the full judgement. With respect to the consequences of not paying, Attorney Nickless said that there was only one case that the court got involved in when the Legislature failed to budget to pay a judgement in an eminent domain case. In this case, the court said that it would consider reconveyance of the taken property if the judgement were not paid. Nothing further happened in this case because the Legislature funded the judgement payment. If reconveyance occurred in our case, Mr. Shea could file another lawsuit for the loss of the use value of the land over the 12 or more years that the District owned the property. Mr. Shea could also levy against the District's bank accounts and property, and renew that levy every twenty years if necessary. Mr. Shea could also bid to buy the property in a "Sheriff's Sale" and come after the District for the difference between the bid price and the total judgement. Attorney Nickless also discussed the land below the dam with Attorney Egan. Mr. Shea stated through Attorney Egan that he would entertain any reasonable offer. Attorney Nickless noted that the land in question was only 0.35 acres of landlocked, unbuildable wetlands assess by the Town for \$20,000. Attorney Nickless also discussed receivership, in which the District would cede all control to a third party without any assurance that the receiver would attempt to cause Mr. Shea to take less than the full judgement. He stated that receiver would act as a mediator with

no authority to reduce the judgement, rather than as an arbitrator that could order a reduction in the judgement. He summed his remarks by saying that he was presenting “Bad News” and “Worse News.”

A lengthy question and answer period followed. A number of related subjects were discussed including, but not limited to, the following. Mr. Johnston made the point that the members were not considering whether to pay nothing or the full amount. There is a best-case scenario that the very lowest settlement that could be achieved would be similar to the per household judgement amount paid at Stiles Reservoir. Under this scenario, the best case would be a settlement in the \$800,000 range. What was really being decided was whether to continue to fight to avoid paying an incremental \$800,000 or \$900,000. A member asked whether Mr. Shea could somehow continue to come after the District. Attorney Nickless stated that, once the judgement is paid, the matter was over and there was no way that Mr. Shea could come after the District. There was a suggestion that a betterment could be passed on to a new owner in the case of a property sale. Attorney Phillips stated that this betterment was a special assessment that had to be resolved at the time of a sale. A question was raised regarding the difference between the \$1.8 million in the motion and the amount of the judgement. Mr. Johnston stated that \$1.8 million was the maximum amount requested from the USDA. Currently, the judgement was at approximately \$1,711,000 plus interest from the date the court entered the judgement. Other expenses including closing costs from the USDA, fees from the financial advisor and attorneys, and fees from the bond counsel would be added to arrive at some number less than the \$1.8 million that would actually be borrowed. The \$1.8 million would also be reduced by the amount of betterments paid off before the money is actually borrowed. Concern was also raised regarding the possibility that a member could pay off their betterment early and be subject later to additional expenses if other members failed to pay their share. Mr. Johnston stated that this was possible because the loan obligation was with the District and not individual members of the District. He stated that this was also his concern initially, but that he was less concerned now after learning the powers of the tax collector to ensure payment. There was a lot of concern raised about including approval of betterments in the motion under consideration. A motion was made, seconded and voted to move the question.

Mr. Johnston moved that the vote be taken by secret ballot. The motion was seconded and voted. There were fifty-two (52) votes in favor and thirteen (13) opposed. The Moderator read the motion and stated that a two-thirds vote was required. She explained the voting procedure. Each Proprietor, upon showing their voting card, would be presented a ballot by the Meeting Clerks. These Clerks would collect and tally the ballots. A YES vote was in favor of the motion, and a NO vote opposed the motion. The ballots were distributed, collected and tallied. The motion was defeated. There were twenty (20) YES votes and forty-five (45) NO votes.

Following discussion with counsel, Mr. Lee, a member of the Management Committee, moved that the District raise and appropriate one million, eight hundred thousand (\$1,800,000) dollars to pay for the cost of acquiring a 144+/- acre parcel located in the Town of Leicester, Worcester County, Massachusetts, know as Cedar Meadow Lake (also known as Cedar Meadow Pond), including a certain masonry dam located on said parcel, and to pay for any and all costs incidental and related thereto, and that to meet this appropriation, the Treasurer, with the approval of the Management Committee, is authorized to borrow said amount under and pursuant to Chapter 44, Section 8(20) of the General Laws, or any other enabling authority, and to issue bonds or notes of the District therefor. The motion was seconded.

The Moderator asked if there was any discussion. A number of members expressed concern that, even after receiving the amount of the full judgement plus interest, Mr. Shea would continue to refuse access to, or to sell, the land below the dam for tree cutting purposes. Richard Carr of 2 Lake Shore Drive moved that the motion under consideration be amended to include additional language at the end of the motion to read, "contingent upon the transfer of the parcel of property now owned by Mr. Shea immediately adjacent to the dam referred to in Article 11." This amendment was not seconded and voted upon.

During the course of this discussion, Deborah Entwistle of 790 Main Street moved that the meeting be recessed and reconvened on June 15, 2012. The motion was seconded and nearly unanimously voted down.

Mr. Johnston moved that the vote be taken by secret ballot. The motion was seconded and was defeated by a clear majority with twenty-three (23) votes in favor and forty-two (42) opposed.

The Moderator asked if there was any further discussion. There being none, she reminded the members that a two-thirds vote was required, read the motion offered by Mr. Lee, and called for a vote. The motion easily carried with more than the required two-thirds with sixty-four (64) votes in favor of the motion and one (1) vote opposed.

Article 9

The Moderator read the Article. Mr. Dufresne moved that the District authorizes the assessment of betterments pursuant to Chapter 80 of the General Laws, or any other enabling authority, to defray any and all costs associated with the acquisition of a 144+/- acre parcel located in the Town of Leicester, Worcester County, Massachusetts, known as Cedar Meadow Lake (also known as Cedar Meadow Pond), including a certain masonry dam located on said parcel.

The Moderator asked if there was any discussion. Mr. Johnston led a continuation of the discussion regarding betterments vs. taxes from the previous Article. A number of concerns were raised including, but not limited to the fact that the betterments would be established based on assessed valuations at the current time and did not recognize that there would be changes in relative valuations over time, that betterments were not tax deductible, that initial payments were higher under the betterment option, and that, down the road, members that paid off their share might be asked to pay the shares of those that did not. Mr. Johnston, again, referenced the previous Time Line PowerPoint slide to explain the timing of events concerning choices and first betterment payment due dates.

The Moderator asked if there was any further discussion. There being none, she read the motion, and called for a vote. The Moderator counted 32 votes in favor and 29 opposed. She asked the Meeting Clerks to take a count and this revealed 34 votes in favor and 29 opposed.

Article 10

The Moderator read the Article. Mr. O'Coin moved that the District votes to authorize the Management Committee to petition the General Court for special legislation as printed in the Warrant for this Annual Meeting of the District. The Moderator asked for discussion and Mr. Johnston explained that the language that appeared in the Warrant under Article 10 would be used to petition the Legislation for authorization to bill District betterments out over a 40 year period rather than the usual 20 year period. He stated that Attorney

Phillips had researched that matter and found that the Legislature had previously approved 40-year betterment payment periods.

The Moderator asked if there was any further discussion. There being none, she read the motion and called for a vote. The motion was voted unanimously.

Article 11

The Moderator read the Article. Mr. Ridley moved that the District votes to authorize the Management Committee to acquire by gift, purchase, eminent domain or otherwise, a certain parcel of land consisting of approximately .37 acres located to the south of the dam on Cedar Meadow Lake (also own as Cedar Meadow Pond) being the same parcel shown as Tract A on a subdivision plan entitled "Lotting Plan / Waterview Estates" prepared for Raymond E. Shea, Jr. by CME Associates, dated July 27, 2000, and endorsed by the Town of Leicester Planning Board on May 1, 2001, recorded in the Worcester Registry of Deeds at Plan Book 768, Page 47, also being a portion of the same parcel shown on the Town of Leicester Assessors Map 28, Parcel 18, and to pay for said acquisition, including all costs relative thereto by raising and appropriating a sum of money, by borrowing or otherwise.

The Moderator asked for discussion and Mr. Johnston explained that this was the land below the dam with trees that were too close to the dam. Attorney Nickless noted that the land was assessed at \$20,000. Concern was expressed that there should be a limit included in the motion because it was possible that Mr. Shea could ask for an outrageous amount of money. Concern was also raised about the source of the funds to make this purchase. Mr. Johnston explained that the funds could be included in the loan with the USDA.

Following discussion with Attorney Phillips the motion was modified and Mr. Ridley moved that the District votes to authorize the Management Committee to acquire by gift, purchase, eminent domain or otherwise, a certain parcel of land consisting of approximately .37 acres located to the south of the dam on Cedar Meadow Lake (also own as Cedar Meadow Pond) being the same parcel shown as Tract A on a subdivision plan entitled "Lotting Plan / Waterview Estates" prepared for Raymond E. Shea, Jr. by CME Associates, dated July 27, 2000, and endorsed by the Town of Leicester Planning Board on May 1, 2001, recorded in the Worcester Registry of Deeds at Plan Book 768, Page 47, also being a portion of the same parcel shown on the Town of Leicester Assessors Map 28, Parcel 18, and to pay for said acquisition, including all costs relative thereto by borrowing a sum of money not to exceed \$20,000.

The Moderator noted that since this was a land purchase, a two-thirds vote was required, and asked if there was any further discussion. There being none, she read the motion and called for a vote. The motion was voted unanimously.

Article 12

The Moderator read the Article. Mr. Lee moved that the District votes to authorize the Management Committee to renew 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 and Mr. O'Coin explained that this was necessary to reauthorize and renew the line-of-credit needed to pay bills while awaiting annual tax revenue. He pointed out that the Management Committee only borrows what is needs for such things as dam repairs and legal expenses and pointed to the small amount

actually borrowed in the current fiscal year. He explained that this practice would continue to be necessary until the District built up a cash reserve.

The Moderator noted that since this involved borrowing, a two-thirds vote was required, and asked if there was any further discussion. There being none, she read the motion and called for a vote. The motion was voted unanimously.

Article 13

The Moderator read the Article. Mr. Dufresne moved that the District votes to pass over Article 13.

The Moderator asked if there was any discussion. There being none, she read the motion and called for a vote. The motion was voted unanimously.

Article 14

The Moderator read the Article. Mr. O'Coin moved that the District votes to approve the Fiscal 2013 budget in the hands of the Proprietors, the appropriation of monies to be raised by assessment upon the Proprietors in support thereof.

The Moderator asked for discussion. Mr. O'Coin referred to a hand out entitled "Proposed Budget and Appropriation of Monies Fiscal Year July 1, 2012 - June 30, 2013 (FY2013)" that was distributed prior to the start of his explanation. He explained that the left hand column showed the annual Budget Amount totaling \$67,585. The next column showed that the budget did not include any monies carried forward from FY2012. The next column, entitled "From FY2013 Tax Revenues" represented the amount, \$52,585, to be raised through taxation. The next column to the right represented the amount, \$5,000, to be taken from Free Cash. The next column on the right entitled "From Issuance of Debt" showed \$10,000, the amount to be borrowed from the line-of-credit. The last column to the right entitled "From Stabilization Account" showed that no funds would be allocated to or taken from the Stabilization Account.

Mr. O'Coin went on to explain the budget line items in detail. Line 1, District Legal Fees, contained \$10,000 due to the need to pay legal fees from the operating budget that might otherwise have been included in with loan closing costs because the loan was not going to be closed until almost the end of the fiscal year. Line 2, Reserve Account For Bad Debt, includes \$6,000. Future years may be higher or lower based on actual experience. Line 3, Debt Repayment, included \$10,000 drawn from the line-of-credit with the Spencer Savings Bank plus \$500 in interest. Line 4, Repair and Maintenance, includes \$27,670. Specific budgeted expenses are \$100 for dam and gatehouse maintenance, \$450 for grass and brush trimming by Mullins and Armington, \$10,000 for dam repair, \$3,500 for a periodic Phase I dam inspection, \$4,000 for dam engineering, \$2,000 to permanently install the siphons across the spillway, \$120 for water monitoring, and \$7,500 to cut the trees below the dam. Line 5, Administration, includes \$3,415. Specific budgeted expenses include \$900 for communications, \$1,025 for auditing, \$229 for the Treasurer's Bond, \$1,146 for liability insurance, \$40 for COLAP dues and \$75 for treasurer's expenses. The Reserve Account includes the customary amount of \$10,000 to cover unexpected expenses.

There was a short question and answer session. A question was raised regarding the relative financial impact of this budget vs. the current budget. Mr. O'Coin stated that the relevant budget number to look at in this regard is the total in the column entitled "From FY2013 Tax Revenues." The proposed budget called for collecting about \$4,000 more than in the current budget.

Upon completion of Mr. O'Coin's presentation, the Moderator asked if there was any other discussion. There being none, the Moderator read the motion and asked for a vote on the budget. The motion was approved unanimously.

Article 15

The Moderator read the Article. Mr. Ridley moved that the District votes to discuss any other business that may properly come before this meeting. The motion was seconded. The Moderator asked for discussion. There being none, the Moderator asked for a vote on the motion. The Moderator read the motion and asked for a vote. The motion was voted unanimously.

Mr. Johnston stated that several members had been confronted with the need to fight requests from their mortgage holders to purchase flood insurance. This was caused by the extension of the flood plain around the lake by FEMA. He pointed out that two members, Jeremy Wooden and Brian Waterman had successfully opposed these requests and invited anyone having similar problems to call him so that they could be put in touch with helpful people.

There was a suggesting by Mr. Pratte that consideration be given to charging members a fee to boat on the lake, and to charge a higher fee for non-members. Mr. Johnston stated that the Management committee would address this subject. Another member suggested that, given the ill will developed between Mr. Shea and those representing the District over the years, a new person be assigned to negotiate with Mr. Shea. Attorney Nickless pointed out that he would be in contact with Mr. Shea's attorney, and that it was unlikely Mr. Shea would have any direct contact with District members.

Adjournment

The Moderator stated that she would entertain a motion for adjournment. This motion was made and seconded and approved unanimously. The meeting adjourned at 11:20 P.M..

A True Copy Attest:

Richard D. Johnston
District Clerk