

Cedar Meadow Lake Watershed District

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- Newsletter -

December 2009

Special Meeting Results

A Special Meeting of the District was held at the Knights of Columbus hall on Mannville Street, Leicester on Tuesday, November 24, 2009. This, the first Special Meeting of the District, was necessary to fund the higher than expected cost of defending the District in the law suit brought by Central Water District Associates ("CWDA"). To date, our attorney and expert witnesses have billed the District almost \$100,000. It was further necessary because the Spencer Savings Bank, after a perfect 12 year payment record on a \$187,000 paid loan, denied the District's request for a two year, \$75,000 loan. Without such loan, the District was unable to pay outstanding trial related expenses.

The meeting was well attended, with 51 of 84 Proprietors being represented - 41 in person and 10 by proxy - representing 65.5% of District assessed evaluation interest. Ruth Kaminski, again, came to the aid of the District and served as Moderator.

Loan and Budget

The members voted unanimously to rescind a vote taken at the Annual Meeting to secure a \$75,000, two year loan and to authorize the Management Committee to seek and secure a loan or loans in a total amount not to exceed \$100,000 and payable in not more than 12 months. Commerce Bank has approved the District's application for a \$100,000 line of credit that will be tied directly to repayment through tax revenues collected in Fiscal 2010. The members also voted unanimously to transfer \$5,000 from the Stabilization Account to the General Fund of the District. Most importantly, the District voted, almost unanimously, to approve a Supplemental Budget that, when combined with the budget approved at the Annual Meeting, will result in the need to collect approximately \$100,000 through taxation. Resultant District tax bills in Fiscal 2010 will be approximately 3 times greater than annual District taxes bills paid by members over the past ten years. This higher level must be considered a one-time-only event because the members cannot afford to continue to pay District taxes at such a high level. Payment of these taxes will be spread equally over District tax bills due on or before February 1 and May 1, 2010 respectively.

Some Good News

Prior to the start of the September trial, attorneys representing CWDA filed a motion to amend their complaint to include the ability to ask the jury to award an interest rate, on any subsequent jury verdict, that substantially exceeded the statutory rate established by the Legislature. The presiding judge, Judge McCann, bifurcated the interest argument to a second trial. Later, an April 2010 trial date was agreed to by all parties. Our attorney filed a Motion for Summary Judgment regarding the interest matter. Just prior to the Special Meeting, Judge McCann allowed our Motion and ended that portion of the case. This decision saved the District as much as \$700,000 and avoided a trial expense that could have exceeded \$30,000.

The statutory interest rates over the past twelve years averaged about 4% per year and totaled 47%, or \$500,000, through November 16, 2009. When added to the jury verdict, the total jury verdict plus interest now totals \$1,575,000.

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