

DeWeese-Dye Ditch & Reservoir Company
Annual Shareholder Meeting
Brookside Community Center
1720 Brookside Avenue, Cañon City, CO. 81212

January 13, 2018

Call to Order:

The **Annual Shareholders' Meeting** of DeWeese-Dye Ditch and Reservoir Company was held at Brookside Community Center, 1720 Brookside Ave., Canon City, Colorado. The meeting was called to order by President Arlin Bolkema at 7:00 p.m. Directors Dick Poyner, Jeff Boccaccio, and Francis Ackley were introduced to the attendees. Kenn Estes was absent. Also recognized were Ditch Superintendent Ken Fulton and Secretary/Treasurer Annette Ortega. Penny Johnston served as clerk. Shareholders and proxies representing 817.67 shares were certified to be present and/or in good standing.

2017 Minutes:

The minutes from the January 2017 shareholders' meeting were read by the Secretary/Treasurer. President Bolkema asked if there were any additions or corrections. There were none. Dick Poyner moved to accept the minutes, Eric Moore seconded, and the motion passed with a show of hands. There were no objections.

Financial Report 2017:

Financial statements for year ending December, 2017 were provided. Some income and expense items were reviewed as well as expenditures for pipe. It was noted that the Ditch purchased a new laptop and QuickBooks software. The year-end checking account balance is \$57,489.47. The balance of the CD at Sunflower Bank is \$54,082.39. The loan balance with the Colorado Water Conservation Board is \$63,652.59, with only two (2) more payments left on the note.

2018 Budget:

Following the discussion on finances for year ended December 31, 2017, the proposed budget for 2018 was reviewed by Arlin Bolkema and Annette Ortega. The line items are similar from the 2017 budget. The assessments and fees will be the same as in 2017. Dick Poyner moved to accept the budget for 2018, Eric Moore seconded. The motion passed with a show of hands. There were no objections.

Updates and Projects:

Updates and projects were presented by Arlin Bolkema and Dick Poyner. The 2017 Dam inspection was conducted in September. Specifics on the repairs included the 36" pipe that is riveted together and covered with concrete. It is failing and has voids. Proposals to fix the issues are from \$358,100.00 for CIPP; \$376,300.00 for grouted slip lining; and \$473,500.00 for compressed fit lining. If the repairs are not made, it will reduce the stored amount of water to ½ of what we can store. Dick stated that we are not looking at an assessment increase, but rather to secure the special emergency funding until the work is completed on the outlet pipe. The snow depth at South Colony is about 2" down from the 30" last year.

Eric Moore wanted to know exactly what is failing, and if the Ditch contacted any other entities such as Insituform for bids. Dick explained what the options were, and that the Ditch would be looking at the other options. One shareholder wanted to know which option would last longer, and Dick explained that the most expensive option would last longer.

Eric Moore proposed that we speak with Insituform out of Denver for another option. There was discussion on what would be involved with the repairs, including the construction of an access road. Eric Moore stated that repairs cannot be conducted in flowing water. He explained that the Insituform process uses hot water, and the material conforms to the outside edge of the pipe. The Sanitation District uses the same process, and that it works well.

Dick Poyner asked shareholders to approve a special assessment to make the repairs. The Ditch would acquire a loan from the current loan company. Dick Poyner called for a motion and vote. Penny Johnston motioned to keep emergency fund, and Jim Hoar seconded. Jim Hoar wanted to know how much it would be, and Dick replied \$6.00 per share. Jim Hoar seconded with the motion to extend, and not raise the assessments. The motion passed with a show of hands, and there were no objections.

Arlin Bolkema stated that we are looking to get more bids, but that we had just received the information, and that is why we are asking for approval.

Shareholder Tim Madone wanted to know what the rate of interest would be for the new loan. Dick Poyner said on a 15 year note, it would be 1%. Tim Madone wanted to know if we could wait until after the current loan is paid. Dick Poyner stated we didn't want to wait due to risk of restrictions on storage....he is afraid the pipe will cave in if we wait.

Dick Poyner stated RJH Consultants developed a plan. Tim Madone wanted to know if the 36" culvert is used now, and Dick responded by letting him know that Jerry Livengood runs water through it by using the gate, and releases water to keep the level down.

Another shareholder wanted to know if the pipe caves in, if the cost will increase. Dick responded Yes, it will cost more. Jeff Boccaccio wanted to know if the liner folds back, can the gate be shut. Dick responded that yes, it could be shut.

Dick Poyner called for a vote by show of hands to original proposal of securing special assessment, and vote passed all in favor. Dick stated the Ditch needs to be able to move forward without being restricted.

Shareholder Andy wanted to know about the annual payment, and Arlin Bolkema stated the Ditch is asking for extension of assessment. Dick said the original loan was a 30-year note, but was changed to a 20-year note to save interest. The 30-year note was at 1.6%, while a 15-year note would be at 1% interest.

Arlin Bolkema noted other items on the inspection. There is a crack that needs to be dealt with, and the dam needs to be 12 feet lower in order to do the work required. We plan to replace the 15" pipe in Reservoir #1 behind the cemetery. Trees are growing into the pipe and Ken had to unplug it. We need reservoirs to build up supply of water so everyone gets water. We fill reservoirs at night for irrigation during the day. The Ditch also plans to remove cattails and silt in Reservoir #9. The project at the Pioneer Cemetery will consist of 40 feet of 36" pipe due to seepage. Need to purchase the pipe, which is \$35.00/ft. Ken Fulton stated there is 100 yards of pipe needed. We have a couple of options to install new pipe, but needs to be done before the irrigation season begins.

Election of 2 Board Members:

Jeff Boccaccio and Francis Ackley agreed to serve. Arlin asked for nominations from the floor. Dick motioned to close nominations, Robert Holman seconded the motion, all in favor. Motion to accept by acclamation by Eric Moore, Dick Poyner seconded, all in favor.

Election of By-Law change of Legal Address:

Arlin Bolkema read aloud the By-Law change of Legal Address. Current address shows Rose's address. Change of address will be as follows: **Article I. Offices** The principal office of the corporation shall be located at 1501 Main Street #759, Canon City, Colorado 81215. Dick Poyner motioned to accept the legal address change; Eric Moore seconded, motion passed with all in favor.

Shareholder questions/concerns:

Dale Johnson wanted to know if the headgate would be repaired. Arlin and Dick both stated yes, there would be a new headgate on the upstream side.

Beth Fortman, representative with NRCS/Conservation District, presented information on programs available to landowners for cost-share, incentive programs, fencing, pipelines, wells, and pumps. Left brochure for shareholders.

Arlin Bolkema: noted that Southeastern sends a letter every other year. If shareholder has 40 acres or more, they can contact Southeastern for direction in filling out the 7-21INFO form. The letter will be sent out with the annual assessment billing.

With no other items or business needing discussion, Arlin made a motion to adjourn. Dick Poyner motioned, Shareholder Glen seconded, motion carried. Meeting was adjourned at 7:48 pm.

Arlin Bolkema and Annette Ortega presented a Power Point for shareholders who were interested in watching after the meeting, for the year in review 2017. Shareholders were able to see pictures of the Dam, Lake DeWeese, and the spillway.

Respectfully submitted,

Annette Ortega
Secretary/Treasurer