

ANNUAL MEETING OF THE STOCKHOLDERS  
OF  
SOUTHSIDE IMPROVEMENT COMPANY  
February 3, 1996

The Annual Meeting of the Stockholders of the Southside Improvement Company was held at the office of the Company in Bardsdale at 1:00 P. M. Saturday, February 3, 1996.

The meeting was called to order by President Paul Haase.

The Secretary presented a roll of stockholders, which resulted in the following shares being present:

Present in person	277.5	shares
Present by proxy	<u>1689.5</u>	shares
Total	<u>1967.0</u>	shares

This represented a majority (a majority being 1470 1/2 shares) so the secretary informed the President that the annual meeting could be held.

The minutes of the prior annual stockholders' meeting held February 4, 1995 were read. A motion was made by Jim Cook, seconded by Jake Seigler that the minutes be approved. Motion carried.

The financial report for year end 1995 was presented by Secretary Richard Salberg. A review of income and expense for the year, and current balance sheet items were compared with prior year. The cost to provide an acre foot of water was \$57.16 for 1995.

Under old business:

Paul Haase made tribute to Al Bartels and expressed view that his presence was missed. The City of Fillmore had not responded to their interested in either Well No. 8 or Well No. 9 for possible use on a lease basis for a City water source.

Under new business:

Paul Haase stressed the point, a standard remark, that Southside water is not potable, and the water is not treated for consumption or domestic use.

Jerry Edmonds gave an over-view of the water table and condition of the various wells.

Paul Haase presented technical stats on Well #10, regarding depth, casing/column and bowl depth. Power for the well is combination diesel fuel and natural gas. Southside pays only the acre foot pumped, at a contract price of \$24.80 per acre foot. No maintenance cost, stand-by fees, or other expense for the operation of the pumping engine is paid by Southside. The well cost \$93,412.

Paul Haase pointed out the Board of Directors were limited in their power to borrow funds by the Articles of Incorporation, which state that this action requires a two-thirds majority of all Stockholders. The present Board would like to have an amendment to the Articles of Incorporation, whereby the Board of Directors of Southside Improvement Company have the authorization to borrow money from time to time, as it may be necessary, by a simple majority vote. A motion was made by Jerry Edmonds, with a second by Bill Bartels to make the amendment a part of the Company's bylaws. A voice call for approval was asked for, and the members voiced approval, the motion was passed. Bill Bartels made a suggestion that the By-laws should be reviewed to see what other changes, if any, may be required to maintain ongoing business in an efficient manner.

Paul Haase announced the Board of Directors action at the January 1996 board meeting of a \$25.00 per share assessment to pay for the new well and build a small reserve for ongoing operations. Payment to be made in two installments, March 1 and June 1, 1996.

The Board also voted to charge interest on delinquent receivable balances, at the rate of 1.5% per month, to become effective March 1, 1996.

The Board set the irrigation water rate at \$50 per acre foot, no charge from prior year.

Under general discussion concerning the water rate, Doug Shaw made a suggestion that a fixed cost rate would be one way to insure costs are covered each year, also supported by Bob Morris. As time goes on, certain items will need repair and/or replacement, such as gate valves that are starting to show age.

The next order of business was for the election of the Board of Directors. The Board for 1995 was: Paul Haase, Doug Shaw, Jake Seigler, Dale Palmer and Jim Cook. Bill Bartels made a motion that the Board as stated be re-elected, with a second by Paul Morris. Nominations were approved. Named to the Board of Directors for 1996 were Paul Haase, Doug Shaw, Jake Seigler, Jim Cook and Dale Palmer.

Paul Haase gave Jerry Edmonds thanks for efforts on behalf of the Company.

There being no further business, the meeting was adjourned at 1:45 P. M. on motion by Doug Shaw, with second by Jim Cook. Motion was approved.

Respectfully,

*Richard Salberg*  
Richard Salberg  
Secretary