



July 13, 2015

Crooked River Ranch Water Company (CRRWC)
PO Box 2319
Terrebonne, Or 97760

Oregon Public Utility Commission
PO Box 1088
Salem, OR 97308-1088

RE: Crooked River Ranch Water Company (CRRWC) Application to Guarantee Indebtedness Pursuant to ORS 757.440 and OAR 860-036-0725

This affiliated interest application is submitted in the manner and form indicated by OAR 860-036-0725.

The applicant's exact name and the address of its principal business office;

Crooked River Ranch Water Company, PO Box 2319, 13845 SW Commercial Loop, Terrebonne Or 97760

The state in which incorporated, the date of incorporation, and the other states in which authorized to transact water utility business, if any;

Crooked River Ranch Water Company was incorporated in Oregon, on April 27, 1977

The name and address of the person authorized, on behalf of applicant, to receive notices and communications in respect to the application;

Frank Day is the person authorized, on behalf of CRRWC, to receive notices and communication in respect to this application. Address: PO Box 2319, Terrebonne, OR 97760

The names, titles, and addresses of the principal officers of the applicant;

Dennis Kirk – Board President
Archie McCawley – Vice President
Sherry Loster – Secretary/Treasurer
Judy Lake – Board Member
Nathan Russell – Board Member

Address for all board members is the same as the company.

A description of the general character of the business done and to be done, and a designation of the territories served. A map showing the territories served is desirable;

CRRWC is a water utility that provides water to 1,468 residential customers and 37 commercial. The water utility service territory includes the northern portion of Crooked River Ranch HOA, CRRWC services approximately 65% of the overall ran

A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock:

N/A

A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt or notes:

Vehicle Loan:

2011 Chev Silverado \$7,078 Interest – 4.84%	Maturity - January 1 st , 2017
2012 Chev Colorado \$8,441 Interest – 4.84%	Maturity - January 1 st , 2017

Equipment Loan:

2014 Vac Trailer \$37,408 Interest – 4.28%	Maturity – March 10 th , 2020
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Loan Related to Infrastructure Project:

Bank of the Cascades Line of Credit \$232,347 (This Loan will be paid back as part of the USDA Loan for the Project.)

CRRWC has received a \$4.5 million loan commitment from the USDA that will be activated once the project is complete.

A full description of the securities for which applicant proposes to assume obligation or liability as guarantor, endorses, surety, or otherwise;

USDA Rural Development is the entity that will be issuing the debt to CRRWC. CRRWC is requesting a subsequent loan of up to \$600k. The term of this loan will be for 40 years. The interest rate for this loan will be determined at the time the loan issued by the USDA. The last interest that was provided by the USDA was for 3.25%. This will be in addition to the previous USDA \$4.3 million loan that was granted by the USDA in September of 2014 and approved in our last rate case. The Security for this loan will be the entire water plant, properties, water rights and easements.

The amount of other securities of said person, firm, or corporation now held, owned, or controlled by the applicant;

N/A

A statement as to whether or not any application, with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body;

N/A

The reasons, in detail, why it is necessary for applicant to guarantee such securities; and

The USDA requires security for this type of loan.

The reasons, in detail, why it is in applicant's interest to guarantee such securities;

During its recent rate case (UW-162) CRRWC was approved to accept a \$4.3 million dollar loan from the USDA Rural Development for infrastructure improvements consisting of an additional well, elevated water tower, and approximately 4000 feet of piping (the "Project"). In August of 2014, the company's engineers budgeted the project for \$5.8 million. The USDA approved a loan of \$4.3 million and awarded a grant of \$1.5 million. Since the first of the year, construction costs have increased exponentially. Projects that have recently gone out to bid have come in significantly over budget. The most recent estimate from the company's engineers is that the Project could receive bids for up to \$600k more than budgeted in August of 2014.

The facts relied upon by the applicant to show the assumption is:

Unfortunately we have also had some delays with getting the Project out for bid. The Project was initially planned to break ground in June of this year and has now been delayed until September. In February our project engineers moved to another company causing a month delay, along with long delays in receiving easements for the project area, water right permits, Oregon Health Authority approval, and environmental issues that needed to be addressed. Because of these delays the Project completion date has been pushed back from October of 2016 to December of 2016. More delays in starting the Project could result in a longer construction time and in turn require working through two winters. This additional delay will likely increase construction costs even further and cost the company more in interest charges.

The Project went out for bid on June 17th. The bid closing date is July 23rd. If the company finds on July 23rd when the bids are opened that they come in over budget, then we will need to request additional funds through the USDA. The company has already discussed this issue with USDA, and USDA has committed to help address the potential funding shortfall quickly to avoid further delay on the already tight timeline. As noted above, delays will be costly to our membership. In order to start construction on this project in September and to adhere to the tight timeline, the company must issue a notice of intent to award by August 7th and must issue a notice of award and issue contracts by August 14th.

The Project is critical to the company's system and is needed to increase pressure in the system. It will also provide a dependable water source and provide additional storage capacity. To date CRRWC has invested approximately \$300k into this effort with engineering and legal fees.

CRRWC is requesting the commission approve CRRWC to take a subsequent loan up to \$600k through the USDA only if the total project cost (legal, engineering, lowest bidder, ect.) is greater than the original \$5.8 million budgeted amount. Understanding that if the project costs are equal to or lower than the original project budget, CRRWC will not request this loan from the USDA and will only request a subsequent loan for the amount needed.

Due to the time restrictions listed above CRRWC is requesting that this application be expedited for the July 21st public meeting. Frank Day from CRRWC will be attending this meeting to help answer any questions the commission may have.

Attached:

Appendix A – Articles of Incorporation

Appendix B – Bylaws

Appendix C – Estimates of Loan Amount (Provide to PUC on July 24th)

Appendix D – Balance Sheet for 2015 to day and 2014

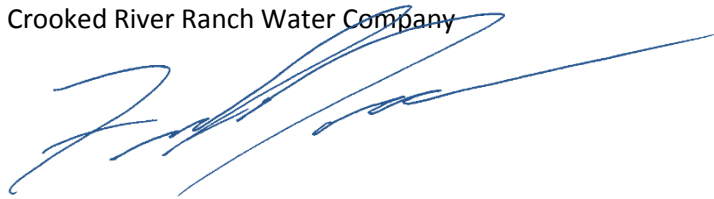
Appendix E – Letter of Eligibility form USDA for original loan. (Letter for Subsequent loan to follow)

Appendix F- Resolutions Authorizing the Project/Loan

For the reasons set forth above, Crooked River Ranch Water Company respectfully requests that the Commission issue an order approving the financing application, pursuant to the provisions of ORS 757.440 and OAR 860-036-0725.

DATE: July 13, 2015

Crooked River Ranch Water Company



Frank Day, General Manager



Appendix A
Articles of Incorporation

One or more natural persons of the age of 18 years or more may incorporate a nonprofit corporation by signing, verifying and delivering Articles of Incorporation in duplicate to the Corporation Commissioner. The procedure for the formation of nonprofit corporations is set forth in ORS 61.305 through 61.325. See ORS 61.311 for the content of Articles of Incorporation.

Nonprofit

Articles of Incorporation

OF

CROOKED RIVER RANCH WATER COMPANY

The undersigned natural person(s) of the age of eighteen years or more, acting as incorporators, under the Oregon Nonprofit Corporation Law, adopt the following Articles of Incorporation:

ARTICLE I The name of this corporation is Crooked River Ranch Water Company

(The corporate name cannot contain any word or phrase which indicates or implies that it is organized for any purpose other than one or more of the purposes contained in its articles of incorporation; and cannot contain the word "cooperative". See ORS 61.071.)

and its duration shall be perpetual

ARTICLE II The purpose or purposes for which the corporation is organized are:

The corporation is organized for the purpose of providing domestic and irrigation water to portions of Crooked River Ranch, a duly recorded subdivision in Deschutes County, Oregon, and other adjacent properties that may be developed by Crooked River Ranch, a limited partnership. This corporation is also organized for the purpose of obtaining a tax exemption.

(It is not necessary to set forth in the articles any of the corporate powers enumerated in ORS 61.061. It is sufficient to state, either alone or with other purposes, "That the corporation may engage in any lawful activity, none of which is for profit, for which corporations may be organized under ORS Chapter 61"; however, it is desirable to state the primary purpose of the corporation in conjunction with such statement.)

ARTICLE III The address of the initial registered office of the corporation is _____

1044 NW Bond Street Bend, Oregon 97701
(Street and Number) (City and State) (Zip)

and the name of its initial registered agent at such address is Neil R. Bryant

ARTICLE IV The number of directors constituting the initial board of directors of the corporation is

three, and the names and addresses of the persons who are to serve as directors until the first

(At least three)

annual meeting or until their successors are elected and shall qualify are:

Name	Address
(Street and Number)	(City and State) (Zip)
<u>W. R. McPherson</u>	<u>5201 University Way, NE, Seattle, WA 98105</u>
<u>Robert Lord</u>	<u>5201 University Way, NE, Seattle, WA 98105</u>
<u>Murdock D. McPherson</u>	<u>5201 University Way, NE, Seattle, WA 98105</u>

<u>Name</u>	<u>Address</u> (Street and Number)	<u>Address</u> (City and State)	<u>(Zip)</u>
James V. Hurley	1044 NW Bond Street	Bend, Oregon	97701
Neil R. Bryant	1044 NW Bond Street	Bend, Oregon	97701
Robert S. Lovlien	1044 NW Bond Street	Bend, Oregon	97701

ARTICLE VI The provisions for the distribution of assets on dissolution or final liquidation are:

No part of the net earnings of the corporation shall inure to the benefit of any member, trustee, officer or private individual, except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes, and no member, trustee, officer or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation. If the corporation should be dissolved, said system shall revert to Crooked River Ranch, a limited partnership.

ARTICLE VII (Optional provisions for the regulation of the internal affairs of the corporation as may be appropriate. If none, leave blank.)

We, the undersigned incorporators, declare under penalties of perjury that we have examined the foregoing and to the best of our knowledge and belief, it is true, correct and complete.

James V. Hurley

Neil R. Bryant

Robert S. Lovlien

Dated April 19, 1977

File with Corporation Commissioner, Commerce Bldg., 158 12th St., N.E., Salem, Oregon 97310.

One or more natural persons of the age of 18 years or more may incorporate a nonprofit corporation by signing, verifying and delivering Articles of Incorporation in duplicate to the Corporation Commissioner. The procedure for the formation of nonprofit corporations is set forth in ORS 61.305 through 61.325. See ORS 61.311 for the content of Articles of Incorporation.

Nonprofit

FILE NO. 120921

Articles of Incorporation

OF

CROOKED RIVER RANCH WATER COMPANY

FILED
 IN THE OFFICE OF THE CORPORATION
 COMMISSIONER OF THE STATE OF OREGON
 APR 27 1977
 FRANK J. HEALY
 CORPORATION COMMISSIONER

The undersigned natural person(s) of the age of eighteen years or more, acting as incorporators under the Oregon Nonprofit Corporation Law, adopt the following Articles of Incorporation:

ARTICLE I The name of this corporation is Crooked River Ranch Water Company

(The corporate name cannot contain any word or phrase which indicates or implies that it is organized for any purpose other than one or more of the purposes contained in its articles of incorporation; and cannot contain the word "cooperative". See ORS 61.071.)

and its duration shall be perpetual

ARTICLE II The purpose or purposes for which the corporation is organized are:

The corporation is organized for the purpose of providing domestic and irrigation water to portions of Crooked River Ranch, a duly recorded subdivision in Deschutes County, Oregon, and other adjacent properties that may be developed by Crooked River Ranch, a limited partnership. This corporation is also organized for the purpose of obtaining a tax exemption.

(It is not necessary to set forth in the articles any of the corporate powers enumerated in ORS 61.061. It is sufficient to state, either alone or with other purposes, "That the corporation may engage in any lawful activity, none of which is for profit, for which corporations may be organized under ORS Chapter 81"; however, it is desirable to state the primary purpose of the corporation in conjunction with such statement.)

ARTICLE III The address of the initial registered office of the corporation is _____

1044 NW Bond Street Bend, Oregon 97701
(Street and Number) (City and State) (Zip)

and the name of its initial registered agent at such address is Neil R. Bryant

ARTICLE IV The number of directors constituting the initial board of directors of the corporation is

three, and the names and addresses of the persons who are to serve as directors until the first
(At least three)

annual meeting or until their successors are elected and shall qualify are:

<u>Name</u>	<u>Address</u>
	<small>(Street and Number) (City and State) (Zip)</small>
<u>W.R. McPherson</u>	<u>5201 University Way, NE, Seattle, WA 98105</u>
<u>Robert Lord</u>	<u>5201 University Way, NE, Seattle, WA 98105</u>
<u>Murdock D. McPherson</u>	<u>5201 University Way, NE, Seattle, WA 98105</u>
_____	_____
_____	_____

VOID IF ALTERED OR ERASED

VOID IF ALTERED OR ERASED

00 ARTICLE V The name and address of each incorporator is:

1963
APR 27-77

Name	(Street and Number)	Address (City and State)	(Zip)
Gerald A. Martin	1044 NW Bond Street	Bend, Oregon	97701
Neil R. Bryant	1044 NW Bond Street	Bend, Oregon	97701
Robert S. Lovlien	1044 NW Bond Street	Bend, Oregon	97701

ARTICLE VI The provisions for the distribution of assets on dissolution or final liquidation are:

No part of the net earnings of the corporation shall inure to the benefit of any member, trustee, officer or private individual, except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes, and no member, trustee, officer or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation. If the corporation should be dissolved, said system shall revert to Crooked River Ranch, a limited partnership.

ARTICLE VII (Optional provisions for the regulation of the internal affairs of the corporation as may be appropriate. If none, leave blank.)

We, the undersigned incorporators, declare under penalties of perjury that we have examined the foregoing and to the best of our knowledge and belief, it is true, correct and complete.

Gerald A. Martin

 Gerald A. Martin

Robert S. Lovlien

 Robert S. Lovlien

Neil R. Bryant

 Neil R. Bryant

Dated April, 19 77

File with Corporation Commissioner, Commerce Bldg., 158 12th St., N.E., Salem, Oregon 97310.

SP*22583-814

ATTACHMENT 1
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VOID IF ALTERED OR ERASED

VOID IF ALTERED OR ERASED

VOID WITHOUT WATERMARK OR IF ALTERED OR ERASED

120921-10

CROOKED RIVER RANCH WATER COMPANY
ARTICLES OF AMENDMENT

FILED
IN THE OFFICE OF THE SECRETARY
OF STATE OF THE STATE OF OREGON
JUN 28 1991
CORPORATION DIVISION

I.

Names of the Corporation prior to Amendment: CROOKED RIVER RANCH WATER COMPANY.

II.

The following Articles are added as additional Articles and included as Articles of Incorporation:

A. Any member who withdraws or is terminated shall be entitled to received he equitable interest in the Corporation and said interest shall not be forfeited.

B. All funds accumulated in the Corporation that are not necessary to meet current losses and operating expenses, shall be retained only to the extent of this Corporation's reasonable needs for normal business purposes, which shall include but not be limited to, retiring indebtedness, expansion of the water delivery system, improvement of the water delivery system, maintaining reserves for construction and replacement of existing service lines, pumps, water storage facilities, or other anticipated capital improvements. Funds in excess of reasonable need, shall be distributed to the members in proportion to the amount of business provided the members with the Corporation.

C. The Corporation shall maintain records that show the amount of business done by each member on the basis of its annual accounting period and of each member's rights and interest in the assets of the Corporation.

D. Upon the dissolution of the Corporation, if the Corporation has gains from the sale of an appreciated asset, it shall distribute to the extent practical, the gains as well as other funds, to all persons who were members during the period and time which the asset was purchased and owned by the Corporation in proportion to the amount of business done by such members during that period.

III.

In no event shall the By-Laws or Articles of this Corporation allow one person to act as a majority and under no circumstances shall one person constitute a majority for the purposes of the By-Laws of this Corporation.

These Articles of Amendment were adopted by the majority of directors in office at a meeting held on the 18 day of JUNE, 1991.

Deeb Braxler
Title: President

Person to contact about this filing:

DAVID C. GLENN
Attorney for this Corporation
406 Fifth Street

06229100701 501.115

BLC
6-28-91

-1- CROOKED RIVER RANCH WATER COMPANY
ARTICLES OF AMENDMENT


GLENN, SITES & REEDER

ATTORNEYS AT LAW

406 Fifth Street, Madras, OR 97741 Ph. (503) 475-2272
Fax: (503) 475-3944

ATTACHMENT 1

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Appendix B

Bylaws



BYLAWS
FOR
CROOKED RIVER RANCH WATER COMPANY

As amended

May 11, 2011

An Oregon Mutual Benefit Corporation
13845 SW Commercial Loop
P O B o x 2 3 1 9
Crooked River Ranch, Oregon 97760

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B Y L A W S O F
CROOKED RIVER RANCH WATER COMPANY

An Oregon Mutual Benefit Corporation

PART I – PURPOSES

Bylaw 1.1 PURPOSES

This organization ("the Corporation") is a nonprofit mutual benefit corporation incorporated under the laws of the State of Oregon. The purposes of the Corporation are as set forth in its Articles of Incorporation.

PART II – MEMBERS

Bylaw 2.1 MEMBERSHIP QUALIFICATIONS

(a) Any natural person, firm, association, corporation or body politic that owns property within portions of Crooked River Ranch or other adjacent properties then served by the Corporation, or that must haul water to such property on the Crooked River Ranch, shall be eligible for membership as a Member in this Corporation, subject to acceptance for membership as hereinafter provided.

(b) Two or more natural persons, firms, associations, corporations or bodies politic may jointly become a Member if either of the following conditions is met:

(i) each Joint Member satisfies the applicable criteria in section 2.1(a) above for the same property; or

(ii) one Joint Member satisfies the applicable criteria in section 2.1(a) above, is a natural person, and has designated one other natural person as a Joint Member for the same property. Designation of a Joint Member for purposes of this section shall be in writing on a form provided by the Corporation.

(c) Except as otherwise provided in these Bylaws, each Joint Member in a joint membership shall be entitled to all privileges and subject to all obligations of a Member, and the act of one Joint Member will be deemed by the Corporation as the act of all Joint Members in that joint membership.

Bylaw 2.2 MEMBERSHIP APPLICATION AND ACCEPTANCE

(a) Application for membership shall be in writing. The application shall include the physical address, phase, lot and tax numbers of the property for which water or water services obtained from the Corporation is requested and shall include documentary proof of the prospective Member's ownership of the property and be in

such form as the Board of Directors of the Corporation from time to time shall prescribe. The water meter to be used, if the application is granted, shall be used only for the premises described in the application and, once installed, shall become the property of the Corporation. Such application for membership, if accepted, shall constitute an agreement by the Member to remain in good standing and to comply with and be bound by the Articles of Incorporation, these Bylaws and the rules and regulations of the Corporation then in effect or as thereafter from time to time duly amended or promulgated, and also as an agreement by the Member to obtain from the Corporation the water service used by or only for that Member's consumption on the property specified in the application.

(b) Each application for membership shall be reviewed by the Board of Directors, or by a person to whom the Board of Directors has delegated that task, for compliance with section 2.1 and section 2.2(a) above, and be either accepted or rejected by the Board of Directors thereon.

(c) Membership in the Corporation shall vest voting rights, as well as any financial interest or interest in assets of the Corporation as set forth in the Articles of Incorporation.

(d) Each new Member shall pay an initial installation or reconnect fee as lawfully determined by the Board of Directors.

Bylaw 2.3 TERMINATION OF MEMBERSHIP

(a) Except as provided in section 2.4 below, Membership in the Corporation shall terminate automatically upon death of the Member, removal of the property served within the service area of the Corporation, or sale of the property served to another person or entity.

(b) Membership may be terminated by the Board of Directors at any time that the Board of Directors finds that a Member has discontinued use of the Corporation's service, or for any reason is not qualified for membership.

(c) Membership may be terminated, by affirmative vote of a majority of the Board of Directors, if the Board of Directors finds that the Member has violated or refuses to comply with any applicable provision of the Articles of Incorporation, Bylaws or rules or regulations of the Corporation, or any agreement that the Member has with the Corporation.

(d) Termination by action of the Board of Directors pursuant to section 2.3(c) above shall take effect at such time as the Board of Directors shall set and such action shall be given by mailing of notice thereof to the Member at that Member's address of record with the Corporation. Any Member whose membership is thus terminated may, within thirty days after the mailing of the notice to the former Member, file with the Secretary of the Corporation a written request for hearing, in which event that former Member shall be given the opportunity to be heard before the Board of Directors, and

the Board of Directors shall reconsider and affirm or rescind the termination within sixty days after the filing of such request for hearing.

(e) Any Member may voluntarily withdraw from membership at any time upon notice to the Corporation and cessation of service or hauling to the Member's property.

Bylaw 2.4 TRANSFER OF MEMBERSHIP

(a) Subject to the other provisions of this section 2.4, membership in the Corporation shall not be transferable, by operation of law or otherwise.

(b) Notwithstanding the provisions in section 2.4(a) above, in the event of the death of a Member in a joint membership, that Member's membership interest will be transferred jointly to each other Member in the joint Membership.

(c) Notwithstanding the provisions in section 2.3(a) and section 2.4(a) above, in the event of the death of a Member who is a natural person, that Member's membership interest shall automatically transfer to anyone in the same household receiving service from the Corporation at the time of death, provided that person qualifies as a Member pursuant to section 2.1 above. Such transfer will have the same effect as though that membership had been originally issued thereto; provided, however, that the estate of the deceased Member shall not be released from any debt or liability of that deceased Member to the Corporation.

Bylaw 2.5 MEMBER VOTING

(a) Each Member shall be entitled to one vote per connected lot owned by that Member or lot hauled to by that Member on matters submitted to the Membership for a vote or for which a vote of the Membership is otherwise required by law; and the individual Members in a joint membership shall be jointly entitled to one vote on such matters.

(b) Proxy voting shall not be allowed.

(c) Any Member of the Corporation not a natural person may act, vote, and be represented at meetings of Members of the Corporation by an officer, manager, stockholder, partner, or agent of such Member who is duly authorized in writing filed with the Secretary of the Corporation.

(d) Notwithstanding the provision in section 2.5(a) above, a Member of the Corporation who has had water service disconnected for any reason shall not be entitled to vote until that Member has paid all fees and charges owing, reconnected to the water system, and is in conformance with all rules and regulations and policies necessary for water service.

PART III – MEMBER MEETINGS AND ACTION

Bylaw 3.1 ANNUAL MEETING OF THE MEMBERSHIP

(a) The annual meeting of the Membership shall be held on the last Saturday of August of each year, at such hour that does not conflict with the annual meeting of the Crooked River Ranch Club & Maintenance Association and at such place as specified by the Board of Directors within the territory which the Corporation provides water service or the cities of Terrebonne or Redmond; provided, however, that the date of such annual meeting may be postponed or advanced not to exceed thirty days by the Board of Directors.

(b) The purpose of the annual meeting of the Membership shall be to introduce the candidates for the Board of Directors, to receive reports from the Board of Directors and Officers, and to transact such other business as may be listed on the agenda or duly raised at the meeting.

Bylaw 3.2 SPECIAL MEETING OF THE MEMBERSHIP

(a) A special meeting of the Membership may be called by the Board of Directors. Such call shall be in writing and shall state the date, time, place and purpose of the meeting. Promptly upon receipt of such call, the Secretary of the Corporation shall cause notice of such meeting to be given as provided in section 3.3 below. No business shall be transacted at a special meeting which is not included in a statement of purpose as set forth in the call and notice of the meeting.

(b) A special meeting of the Membership may be called by written petition of five percent of the Membership. Such petitions shall be uniform, describing the purpose(s) for which the meeting shall be held, and delivered to the Secretary of the Corporation within a reasonable time to allow notice of the meeting pursuant to section 3.3 below. Upon receiving such petitions, the Secretary of the Corporation shall provide notice of the meeting pursuant to section 3.3 below.

Bylaw 3.3 NOTICE OF MEMBER MEETINGS

Written or printed notice of each annual or special meeting of the Membership shall be given by or under the supervision of the Secretary of the Corporation to each Member not less than ten nor more than thirty days prior to the date of the meeting. Such notice shall be delivered to the Member in person or mailed thereto at the Member's post office address as the same appears on the books of the Corporation, and such mailed notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid. Failure of any Member to receive notice shall not invalidate any action taken at any annual or special meeting of the Membership, and any Member may waive, in writing, and shall waive by attendance in person at the meeting, any required notice of such meetings.

Bylaw 3.4 QUORUM

(a) A quorum of the Membership at any annual or special meeting shall be twenty percent (20%) of the Membership.

(b) A quorum of the Membership when any issue has been submitted to the Membership for a vote pursuant to section 3.5 or section 4.4 below shall be the number of ballots received by the Corporation for that issue.

(c) A quorum of the Membership for all other purposes shall be fifty percent (50%) plus one of the Membership.

Bylaw 3.5 ACTION BY MEMBERS

(a) Any action taken by Members must be submitted to the entire Membership for a vote before that action becomes valid.

(b) Any action taken by the Membership at an annual or special meeting of the Membership shall automatically be submitted to the Membership for a vote, provided that a majority of the Members at the annual or special meeting approved submitting the action to a vote of the Membership. Such actions shall become valid if a majority of the Members casting ballots approve each action.

(c) The election of the members of the Board of Directors shall automatically be submitted to the entire Membership for a vote consistent with the provisions of section 4.4 below.

(d) The Membership may cause any other issue to be submitted to the Membership for a vote subject to the following:

(i) such petitions shall be uniform, describing with particularity the issue to be voted on, and delivered to the Secretary of the Corporation;

(ii) for issues to be voted on concurrently with the annual election for the Board of Directors described in Section 4.4 below, the Secretary of the Corporation shall cause ballots containing the issue to be voted on to be sent to the Membership only if the number of petitions received is equal to or greater than ten percent (10%) of the Membership;

(iii) for issues to be voted on during a special election, the Secretary of the Corporation shall cause ballots containing the issue to be voted on to be sent to the Membership only if the number of petitions received is equal to or greater than twenty percent (20%) of the Membership; and

(iv) unless the petitions state otherwise, an issue that qualifies to appear on a ballot will be voted on concurrently with the annual election for the Board of Directors described in Section 4.4 below.

- (e) The Board of Directors may refer any issue to a vote of the Membership.

PART IV – BOARD OF DIRECTORS

Bylaw 4.1 NUMBER OF DIRECTORS

The Board of Directors shall consist of five Directors, each of which must be a Member of the Corporation.

Bylaw 4.2 TERM OF OFFICE

The term of each Director shall be staggered such that each year at least one and no more than two Directors are elected for a full term to the Board of Directors. Directors shall serve three-year terms. Elections will be held annually to fill terms as they expire.

Bylaw 4.3 NOMINATION OF DIRECTORS

(a) Subject to the other provisions of this section 4.3 below, any Member who is a natural person in good standing pursuant to section 2.1 is eligible to serve as a Director.

(b) No Member may serve as a Director unless that Member's primary residence is the property that serves as the basis for that Member's membership pursuant to section 2.1(a).

(c) No two Members who hold a joint Membership pursuant to section 2.1(b) may serve as Directors at the same time.

(d) No employee of the Corporation may serve as a Director.

(e) The Board of Directors shall adopt a form of application along with a separate Applicant Disclosure Statement. Each applicant for Director shall complete and submit such form to a nominating committee appointed by the Board of Directors no later than ninety days prior to the annual meeting of the Membership. The nominating committee shall be comprised of four Members. The role of the nominating committee shall be to assist in the recruitment of qualified candidates and to verify the eligibility of each candidate pursuant to the requirements of this section 4.3.

(f) The Applicant Disclosure Statement and application shall include, but not be limited to, disclosures of the applicant's residence address, time as a Member of the Corporation and, whether or not the applicant's personal residence is served by the Corporation.

Bylaw 4.4 VOTING FOR DIRECTORS

(a) The election of each Director will occur only by mailed ballots and will take place in October of each year.

(b) Write-in candidates will be allowed, provided that such candidates must meet the qualifications of Directors set forth in section 4.3 above.

(c) Election ballots shall be mailed to a neutral third party selected by the Board of Directors. All ballots must be received by the neutral third party no later than forty-eight hours prior to the announced election date.

(d) Election ballots shall be tabulated by a neutral third party selected by the Board of Directors. The neutral third party that tabulates the election ballots shall deliver the results of the tabulation to the Secretary of the Board of Directors. Concurrent with the delivery of the election results, the neutral third party that tabulates the election shall, to the extent practicable, certify that the election ballots contain no evidence of fraud or coercion altering the outcome of the election. In the event such a certification cannot be made by reason of evidence of fraud or coercion, the election will be deemed void and the Board of Directors shall cause a new election to take place consistent with the provisions of this section 4.4.

(e) Results of each election will be announced at the regular meeting of the Board of Directors in November of each year and in writing during the next billing cycle.

(f) Failure of any Member to receive a ballot for voting by mail shall not invalidate any election of a Director.

Bylaw 4.5 VACANCIES

(a) Any vacancy on the Board of Directors not caused by expiration of a Director's term shall be filled:

(i) if the vacancy occurs less than ninety days or less prior to the next annual election, by vote of the Membership pursuant to section 4.3 concurrent with the annual election;

(ii) if the vacancy occurs more than ninety days prior to the next annual election, by majority vote of the remaining Directors.

(b) The term of any Director elected or appointed pursuant to section 4.5(a) above shall be the remainder of the vacated term that results in the election or appointment.

Bylaw 4.6 TERMINATION OF DIRECTORS

(a) Termination of a Director's membership in the Corporation shall terminate automatically that Director's position on the Board of Directors.

(b) Members may remove a Director by means of a recall election pursuant to section 3.5 above.

(c) The Board of Directors, by a majority vote of the Board, may initiate a recall election of any Director from the Board of Directors if the majority of the Directors in their judgment deems that Director's presence on the Board not to be in the best interest of the Corporation.

Bylaw 4.7 DIRECTOR COMPENSATION

Directors shall serve without pay for personal services as a Director. Directors may use the resources of the Corporation only for the direct benefit and use of the Corporation, and any other use of the Corporation's resources by a Director may be cause for removal pursuant to section 4.6 above.

Bylaw 4.8 POWERS AND DUTIES OF DIRECTORS

The authority and duties of the Board of Directors shall include the following, as well as such other powers and duties as may be vested in the Board of Directors by law.

(a) The Board of Directors shall have general supervision and be responsible for the oversight of all business affairs of the Corporation, and shall make all necessary rules and regulations, not inconsistent with law or with the Bylaws or Articles of Incorporation, for the management of the Corporation and the guidance of the Officers, employees and agents of the Corporation.

(b) The Board of Directors may in its discretion employ a General Manager under contract who shall hold the position subject to such terms and conditions as may be fixed by the Board.

(c) The Board of Directors shall cause to be kept a record of all of its acts and proceedings. The Board shall present a report of the Corporation showing in reasonable detail the condition of the Corporation's affairs at each annual meeting of the Membership.

(d) The Board of Directors shall call such special meetings of the Membership as it may deem necessary or advisable.

(e) The Board of Directors shall select one or more banks as depository of funds of the Corporation and determine the manner of receiving, depositing and disbursing the funds of the Corporation, with full power from time to time to change such depositories and determinations.

(f) The Board of Directors may invest or convert the funds of the Corporation reserve in or into such securities as the Board may find advisable and proper.

(g) The Board of Directors, by affirmative vote of at least three Directors, may borrow money or authorize any Officer or the General Manager of the Corporation to borrow money, in the name and on behalf of the Corporation, for any Corporation purpose either on open account or secured in any manner by any assets of the

Corporation or any of the Corporation's reserves, in such amounts and upon such terms and conditions as the Board of Directors may deem necessary or advisable.

(h) In addition to the foregoing express authority and duties, the Board of Directors may exercise such powers and do such lawful acts as it may find to be proper and necessary or expedient for accomplishing any of the lawful purposes of the Corporation.

(i) The Board of Directors may, subject to approval by a vote of the Membership pursuant to section 3.5 above, make donations for the public welfare or for charitable, scientific or educational purposes, as the Board finds may result in a present or foreseeable future benefit to the Corporation or to the Membership as a whole:

(i) provided, such donations may not be made to any individual and must be made only to a group of persons and/or entities comprised, at least in part, of Members; and

(ii) notwithstanding this subsection, the Board may, without a vote of the Membership, make such donations if such donations do not exceed \$100 in value per donee per year; and provided that the Board of Directors approves such donations each calendar year.

Bylaw 4.9 RESIGNATION OF DIRECTORS

Any Director may resign from office at any time, such resignation to be in writing and take effect when filed with the Secretary of the Corporation.

PART V - ACTIONS BY BOARD OF DIRECTORS

Bylaw 5.1 ORGANIZATIONAL MEETING

A special meeting of the Board of Directors shall be held each November after the results of the election for Directors have been announced for the purpose of organizing, electing or appointing Officers, and transacting such other business as may come before the meeting.

Bylaw 5.2 REGULAR QUARTERLY MEETINGS

Regular quarterly meetings of the Board of Directors shall be held on the second Wednesday in March, June, September and December of each year at a place designated by the Board of Directors that is within reasonable proximity to the area in which the Corporation provides service, or the cities of Terrebonne, Oregon or Redmond, Oregon. All meetings of the Board of Directors will be public, excluding executive sessions, with advance notice included with the monthly water bill preceding the scheduled meeting date. Such meetings may be cancelled by the Board of Directors due to unforeseen circumstance including but not limited to illness or inclement weather.

Bylaw 5.3 SPECIAL MEETINGS (ORS 65.204)

A special meeting of the Board of Directors shall be held whenever called by the President or by three or more Directors. Neither the business to be transacted nor the purpose of any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Bylaw 5.4 NOTICE

Notice of each regular and special meeting of the Board of Directors shall be mailed to each Director, at that Director's address of record with the Corporation, not less than five days prior to the time of such meeting, or shall be given by telephone or email not less than twenty-four hours prior to that meeting. Notice of any meeting may be waived in writing. Notice of the meeting shall be waived by attendance at the meeting unless the purpose of attendance is solely to object to the transaction of any business at the meeting on the ground that the meeting was not lawfully called.

Bylaw 5.5 QUORUM

Except as provided in other provisions of these Bylaws, three of the five Directors on the Board of Directors shall constitute a quorum necessary for the transaction of any and all business of the Corporation. In the event there shall be in attendance at any meeting of the Board of Directors a lesser number than a quorum, that number may adjourn the meeting to another day, until a quorum can be present. No one (1) director may dictate day to day policy without a quorum consent of the Board of Directors.

Bylaw 5.6 UNEXCUSED ABSENCES

The Board of Directors may declare the position of a Director to be vacant in the event such Director shall be absent (unexcused) from two consecutive, regular quarterly scheduled meetings of the Board of Directors.

Bylaw 5.7 INDEMNIFICATION OF DIRECTORS, OFFICERS AND AGENTS

Each person who at any time has served or serves as a Director, officer or agent of the Corporation shall be indemnified by the Corporation against liabilities incurred as a result of, and expenses (including attorney's fees) reasonably sustained in the defense or in the compromise or settlement of, any civil, criminal, or other action, suit, or proceeding, in which that person may become involved as a party or with which that person may be threatened, by reason of that person being or having been a Director, Officer or agent of the Corporation, provided, however, that such indemnification shall not apply to any claim, action, suit, or other proceeding in which the Director, Officer or agent is adjudged liable for negligence or misconduct in the performance of duty, or in which that person shall have entered a plea of guilty or nolo contendere, unless the Corporation shall receive a written opinion of independent legal counsel that (a) the conduct of that person in

connection with such matters was in good faith, for a purpose which that person reasonably believed to be in the best interests of the Corporation, and, in any criminal action, in addition, that such person had no reasonable cause to believe that such person's conduct was unlawful, and (b) that indemnification pursuant to the provisions of this section 5.7 may be legally and validly made.

PART VI - OFFICERS

Bylaw 6.1 ENUMERATED

(a) The Officers of the Corporation shall consist at a minimum of a President, a Vice-President, and a Secretary/Treasurer.

(b) The Board of Directors may create such subordinate offices and appoint such subordinate Officers or agents as it may from time to time deem expedient and define their powers and duties, provided such powers and duties do not constitute a delegation of such authority as is reposed in the Directors by law, which shall be exercised and performed exclusively by them.

(c) Officers shall serve without compensation for personal services. Officers may use the resources of the Corporation only for the direct benefit and use of the Corporation, and any other use of the Corporation's resources by an Officer may be cause for removal pursuant to section 6.2 below.

Bylaw 6.2 APPOINTMENT AND REMOVAL OF OFFICERS

(a) The Board of Directors shall appoint the Officers enumerated in section 6.1(a) above during the special meeting set forth in section 5.1 above and thereafter as necessary. The term of each Officer shall be from the time of appointment until that Officer's successor has been appointed, or until that Officer is removed from office.

(b) The Board of Directors shall elect or appoint other Officers as necessary.

(c) The Board of Directors may remove an Officer at any time by a majority vote of the Board of Directors.

Bylaw 6.3 PRESIDENT

The President shall be the principal executive Officer of the Corporation. The President shall sign for and on behalf of the Corporation all documents and instruments authorized by the Board of Directors to be executed, except when the signing and execution thereof shall be expressly delegated by the Board of Directors or these Bylaws to some other Officer or agent of the Corporation or shall be required by law to be otherwise signed or executed. The President shall call such special meetings of the Corporation and of the Board of Directors as the President deems advisable, and shall perform such other duties as may properly be required under the Bylaws or by the Board of Directors.

Bylaw 6.4 VICE-PRESIDENT

In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned by the Board of Directors.

Bylaw 6.5 SECRETARY/TREASURER

The Secretary/Treasurer shall keep the minutes of the Members and of the Board of Director's meetings in one or more books provided for that purpose. The Secretary/Treasurer shall ensure all notices are duly given in accordance with provisions of these Bylaws or as required by law. The Secretary/Treasurer shall supervise maintenance of a registry of the post office addresses of each member of the Corporation and have general charge of all membership books of the Corporation. The Secretary/Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; have oversight for moneys due and payable to the Corporation from any source whatsoever, and have oversight for the deposit of all such moneys in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws. The Secretary/Treasurer shall arrange for an annual financial report of the financial records of the Corporation soon after the close of business each calendar year. The annual financial report shall be reviewed with the Membership at the first quarterly meeting of the Board of Directors each calendar year and at the annual meeting of the Membership. The Secretary/Treasurer shall in general perform all the duties incident to the office of Secretary/Treasurer and the Board of Directors may assign such other duties as from time to time to the Secretary/Treasurer deemed in the best interest of the Corporation.

Bylaw 6.6 EMPLOYMENT

No Corporation employee, nor any relative, or significant other, may be elected to the Board of Directors while the Corporation employs that person as a regular employee. This provision shall apply for a period of one year after such person ceases to be employed by the Corporation.

PART VII – OPERATING METHODS

Bylaw 7.1 FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January of each year and end on the 31st day of December of the same year.

Bylaw 7.2 NONPROFIT OPERATION

This Corporation shall be operated on a nonprofit basis for the mutual

benefit of its Members as users of water service supplied by or through this Corporation.

Bylaw 7.3 CONFLICTS OF INTEREST

No Director, Officer, or Corporation employee may participate in any action in which that person indirectly or directly has a substantial personal financial interest. Participation includes, but is not limited to, reviewing bids or proposals, making recommendations for awards of contracts, awarding services, preparing bids or similar acts where the employee or Director stands to profit from the outcome of actions taken with respect to the above.

Bylaw 7.4 CONTRACTS

The Board of Directors may authorize any Officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be in general or confined to specific instances.

Bylaw 7.5 LOANS

No loan shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Bylaw 7.6 CHECKS AND DRAFTS

All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Corporation shall be signed by such officers of the Corporation and in such manner as from time to time be determined by resolution of the Board of Directors.

Bylaw 7.7 DEPOSITS

All funds of the Corporation shall be under the supervision of the Board of Directors and shall be handled and deposited in such manner and by such Officers or agents of the Corporation as the Board of Directors may by prior resolutions from time to time authorize.

Bylaw 7.8 WATER RATES AND OTHER CHARGES

The Board of Directors may, from time to time, set rates regarding water service and other services related to the operation of the water system. During any time period in which the Oregon Public Utilities Commission exercises jurisdiction over the Corporation, such rates shall be adopted pursuant to the applicable rules and regulations of that commission. The Members of the Corporation shall pay water bills on a monthly basis and such other charges as are due and payable upon receipt of the bill. The occupants of rental property shall be billed and responsible for payment of water used by said property.

Bylaw 7.9 BOARD POLICIES (ORS 65.077)

The Board of Directors may adopt operating policies consistent with the Bylaws necessary for the orderly conduct of business and any related matters consistent with providing the domestic water services to qualified members of the Corporation. The Board of Directors shall oversee and be the sole authority in regards to all legal obligations concerning the Corporation.

PART VIII - DISSOLUTION

Bylaw 8.1 DISSOLUTION

In the event of dissolution or liquidation of the Corporation, all assets of the Corporation or proceeds thereof shall be distributed in accordance with the Articles of Incorporation and a written plan of dissolution adopted by the Board of Directors.

PART IX - AMENDMENTS

Bylaw 9.1 AMENDMENTS

These Bylaws may be amended or repealed by a majority vote of the Board of Directors except Section 2.5, Section 4.3(a) through (d), Section 4.6, Section 4.7, Section 7.3 and Section 9.1, each of which can only be repealed or amended by a vote of the entire Membership of the Corporation in which no less than twenty per cent of the vote of the entire Membership votes in favor of such a repeal or amendment.

CERTIFICATE OF SECRETARY

The undersigned, as Secretary of Crooked River Ranch Water Company, hereby certifies that the Bylaws to which this certificate is attached were duly adopted by the Board of Directors of said corporation and are in full force and effect.

DATED: May 11th, 2011


Sheridan Loster, Secretary

**CONSENT TO ACTION BY THE BOARD OF DIRECTORS OF THE
CROOKED RIVER RANCH WATER COMPANY**

RESOLUTION 2013-006

The undersigned, being the Board of Directors ("Board") of the Crooked River Ranch Water Company, an Oregon mutual benefit non-profit corporation, ("Company"), desire to take the action hereinafter set forth without a duly called and noticed meeting:

WHEREAS, Section 4.8(a) of the Company's Bylaws vest the Board with the responsibility for general supervision of all business affairs of the Company;

WHEREAS, Section 5.2 of the Company's Bylaws requires the Board to hold Regular Quarterly Meetings on the second Wednesday in March, June, September and December of each year; and

WHEREAS, the Board finds that Regular Quarterly Meetings are beneficial to the Company, the Members and the Board, but that it is more efficient to allow the Board to set a Regular Quarterly Meeting schedule that may be different on a year-to-year basis without being limited to holding meetings in specific months, as well as to establish Regular Meetings on a more frequent basis;

NOW THEREFORE BE IT RESOLVED, the Board approves an amendment to Section 5.2 of the Company's Bylaws to maintain a requirement for Regular Quarterly Meetings on a schedule to be established by Board Resolution and to allow the Board to establish other Regular meetings from time-to-time as the Board sees fit; and the Board directs the Board Secretary to revise Section 5.2 of the Bylaws to consist only of the language attached as Exhibit A.

ACCEPTED AND AGREED AS OF THE LATEST-DATED SIGNATURE BELOW:



ART CROSSLEY, BOARD MEMBER DATE


DENNIS KIRK, BOARD MEMBER 8-12-2013 DATE


SHERIDAN LOSTER, BOARD MEMBER 8-12-2013 DATE



JAMES (ARCHIE) MCCAWLEY, BOARD MEMBER 8-12-2013 DATE


BARBARA ROBERTS, BOARD MEMBER 9-18-13 DATE



Appendix C

Estimates of Loan Amount
(Provide to PUC on July 24th)



Appendix D

Balance Sheet for 2015 to date
Annual 2014

Balance Sheet

As of July 13, 2015

	Jul 13, 15
ASSETS	
Current Assets	
Checking/Savings	
131 - CASH ACCOUNTS	
131.1 · BOTC - Checking	69,498.46
131.3 · BOTC-Customer Deposits	3,107.39
131.5 · BOTC-Analyzed Biz Acct	154,585.17
131.7 · Petty Cash	500.00
Total 131 · CASH ACCOUNTS	<u>227,691.02</u>
Total Checking/Savings	227,691.02
Accounts Receivable	
144 · NOTES RECEIVABLE	
144.1 · Note Receivable-JR Rooks	3,592.70
144 · NOTES RECEIVABLE - Other	-3,592.70
Total 144 · NOTES RECEIVABLE	<u>0.00</u>
Total Accounts Receivable	0.00
Other Current Assets	
151 · MATERIAL SUPPLIES & INVENTORY	147,701.30
Total Other Current Assets	<u>147,701.30</u>
Total Current Assets	375,392.32
Fixed Assets	
105 · CONSTRUCTION IN PROCESS	75,450.16
108 · ACCUMULATED DEPRECIATION	-1,852,513.00
303 · Land - General	96,183.60
304 · Land - Improvements	232,551.57
307 · UTILITY PLANT IN SERVICE	
307.1 · Well # 2	41,031.52
307.2 · Well # 4	417,852.82
307 · UTILITY PLANT IN SERVICE - Other	26,548.00
Total 307 · UTILITY PLANT IN SERVICE	<u>485,432.34</u>
309 · SUPPLY MAIN	44,351.28
330 · DIST. RESERVOIR & STANDPIPES	
330.1 · Main Reservoir	341,960.38
330.2 · Cistern & Pump	209,157.75
330 · DIST. RESERVOIR & STANDPIPES - Other	1,468,621.55
Total 330 · DIST. RESERVOIR & STANDPIPES	<u>2,019,739.68</u>
334 · METERS & INSTALLATIONS	94,769.43
335 · HYDRANTS	13,580.37
336 · CROSS CONNECTION CONTROL	247,397.55
340 · OFFICE FURNITURE & EQUIPMENT	23,122.64
341 · VEHICLES/TRANSPORTATION EQUIP.	108,375.61
343 · TOOLS, SHOP AND GARAGE EQUIP	49,821.74
345 · POWER OPERATED EQUIPMENT	106,978.53
347 · ELECTRONIC/COMPUTER EQUIPMENT	7,074.24
348 · MISCELLANEOUS EQUIPMENT	3,517.21
Total Fixed Assets	<u>1,755,832.95</u>
TOTAL ASSETS	<u><u>2,131,225.27</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
235 · CUSTOMER DEPOSITS	3,058.65
241 · CURRENT & ACCRUED LIABILITIES	
241.1 · OR Unemployment	54.91
241.3 · Payroll Liabilities	14.82
Total 241 · CURRENT & ACCRUED LIABILITIES	<u>69.73</u>
Total Other Current Liabilities	3,128.38
Total Current Liabilities	<u>3,128.38</u>

Balance Sheet

As of July 13, 2015

	<u>Jul 13, 15</u>
Long Term Liabilities	
224 · Other Long Term Debt	
224.1 · 2011 Chev Silverado	7,077.67
224.2 · 2012 Chev Colorado	8,440.62
224.3 · Vac Trailer 3972	37,408.50
224.4 · Infrastructure Line of Credit	232,346.87
Total 224 · Other Long Term Debt	<u>285,273.66</u>
Total Long Term Liabilities	<u>285,273.66</u>
Total Liabilities	288,402.04
Equity	
201 · GENERAL FUND BALANCE	
201.1 · Building Fund Balance	158,967.00
201 · GENERAL FUND BALANCE - Other	1,709,984.00
Total 201 · GENERAL FUND BALANCE	<u>1,868,951.00</u>
214 · RETAINED EARNINGS (Retained Earnings)	65,083.83
Net Income	-91,211.60
Total Equity	<u>1,842,823.23</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,131,225.27</u></u>

Balance Sheet

As of December 31, 2014

	Dec 31, 14
ASSETS	
Current Assets	
Checking/Savings	
131 - CASH ACCOUNTS	
131.1 · BOTC - Checking	65,174.03
131.3 · BOTC-Customer Deposits	2,947.30
131.5 · BOTC-Analyzed Biz Acct	154,655.17
131.7 · Petty Cash	500.00
131.8 · BOTC-Loan Pmt Reserve	3,147.75
Total 131 · CASH ACCOUNTS	226,424.25
Total Checking/Savings	226,424.25
Accounts Receivable	
144 · NOTES RECEIVABLE	
144.1 · Note Receivable-JR Rooks	3,592.70
144 · NOTES RECEIVABLE - Other	-3,592.70
Total 144 · NOTES RECEIVABLE	0.00
Total Accounts Receivable	0.00
Other Current Assets	
151 · MATERIAL SUPPLIES & INVENTORY	146,645.00
Total Other Current Assets	146,645.00
Total Current Assets	373,069.25
Fixed Assets	
105 · CONSTRUCTION IN PROCESS	75,450.16
108 · ACCUMULATED DEPRECIATION	-1,852,513.00
303 · Land - General	89,183.60
304 · Land - Improvements	232,551.57
307 · UTILITY PLANT IN SERVICE	
307.1 · Well # 2	41,031.52
307.2 · Well # 4	417,852.82
307 · UTILITY PLANT IN SERVICE - Other	26,548.00
Total 307 · UTILITY PLANT IN SERVICE	485,432.34
309 · SUPPLY MAIN	39,161.28
330 · DIST. RESERVOIR & STANDPIPES	
330.1 · Main Reservoir	341,960.38
330.2 · Cistern & Pump	209,157.75
330 · DIST. RESERVOIR & STANDPIPES - Other	1,468,621.55
Total 330 · DIST. RESERVOIR & STANDPIPES	2,019,739.68
334 · METERS & INSTALLATIONS	92,110.71
335 · HYDRANTS	10,655.75
336 · CROSS CONNECTION CONTROL	171,164.08
340 · OFFICE FURNITURE & EQUIPMENT	23,122.64
341 · VEHICLES/TRANSPORTATION EQUIP.	108,375.61
343 · TOOLS, SHOP AND GARAGE EQUIP	49,392.33
345 · POWER OPERATED EQUIPMENT	106,978.53
347 · ELECTRONIC/COMPUTER EQUIPMENT	7,074.24
348 · MISCELLANEOUS EQUIPMENT	3,517.21
Total Fixed Assets	1,661,396.73
TOTAL ASSETS	2,034,465.98
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
235 · CUSTOMER DEPOSITS	2,948.65
241 · CURRENT & ACCRUED LIABILITIES	
241.1 · OR Unemployment	865.03
241.3 · Payroll Liabilities	82.10
Total 241 · CURRENT & ACCRUED LIABILITIES	947.13
Total Other Current Liabilities	3,895.78
Total Current Liabilities	3,895.78

Balance Sheet

As of December 31, 2014

	<u>Dec 31, 14</u>
Long Term Liabilities	
224 · Other Long Term Debt	
224.1 · 2011 Chev Silverado	9,517.02
224.2 · 2012 Chev Colorado	11,349.81
224.3 · Vac Trailer 3972	39,172.00
224.4 · Infrastructure Line of Credit	36,496.54
Total 224 · Other Long Term Debt	<u>96,535.37</u>
Total Long Term Liabilities	<u>96,535.37</u>
Total Liabilities	100,431.15
Equity	
201 · GENERAL FUND BALANCE	
201.1 · Building Fund Balance	158,967.00
201 · GENERAL FUND BALANCE - Other	1,709,984.00
Total 201 · GENERAL FUND BALANCE	<u>1,868,951.00</u>
Net Income	<u>65,083.83</u>
Total Equity	<u>1,934,034.83</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,034,465.98</u></u>



Appendix E

Letter of Eligibility from USDA for original Loan.
(Letter for Subsequent loan to follow)



February 28, 2014

Frank Day General Manager
Crooked River Ranch Water Company
P O Box 2319
Terrebonne OR 97760

RE: Application for Federal Assistance
Water System Improvements -\$5,600,000

Dear Mr. Day and Board Members:

Rural Development (RD) has reviewed your application for Federal assistance. We have determined that your proposal is eligible for funding by this Agency.

The Crooked River Ranch Water Company (CRRWC) application requested federal assistance in the amount of \$5,600,000. The Agency is agreeable to consideration of approximately this amount; however this request will need to be analyzed in more detail.

Based upon the funds available for this program over the past two fiscal years and the number of applications reviewed or pending, we anticipate that funds for which you are competing will be available in Federal Fiscal Year 2014 which began October 1, 2013.

Official processing of an application for financial assistance begins on the date all material necessary for a complete application package is received by RD. In this case, processing of your application began on December 18, 2013.

In addition to the preceding determinations, we have the following comments:

A. ENVIRONMENTAL CONSIDERATIONS

You are advised against taking any actions or incurring any obligations which would either limit the range of alternatives to be considered, or which would have an adverse effect on the environment. **Final acceptance of the Preliminary Engineering Report (PER) and the Environmental Report (ER) by Rural Development and the applicant is required prior to issuance of the Letter of Conditions.**

Rural Development • Redmond Area Office
625 SE Salmon Ave., Suite 5 • Redmond, OR 97756
Voice (541) 923-4358, Ext. 137 • Faxmail 855-824-6181

USDA is an equal opportunity provider and employer.

B. BOND ISSUES OR DEBT INSTRUMENTS

You are advised not to proceed with finalizing any dollar amount of bond issue or other debt instruments prior to RD's review of a project cost estimate, and project operating budget. After Rural Development's review of these items, you will be advised of a minimum dollar amount you will have to schedule for bonding or other debt instrument.

C. PROFESSIONAL SERVICES AGREEMENT FOR ENGINEERING SERVICES

Applicants shall publicly announce all requirements for engineering and architectural services and negotiate contracts for engineering and architectural services on the basis of demonstrated competence and qualifications for the type of professional services required and at a fair and reasonable price

When project design services are procured separately, the selection of the engineer or architect shall be done by requesting qualification-based proposals and in accordance with the above paragraph.

RD prefers use of the National Society of Professional Engineer's "Standard form of Agreement Between Owner and Engineer for Professional Services," Funding Agency Edition (EJCDC No. E -510 (2002 Edition)). Copies of the EJCDC are available from your consultant. This form is to be submitted to RUS for review and concurrence prior to signature by the parties.

D. SYSTEM AWARD MANAGEMENT

Requirements for System Award Management (SAM): CRRWC as the recipient must maintain the currency of your information in the SAM until submittal of a final financial report required under the award and all grant funds under this award have been disbursed or de-obligated, whichever is later. This requires that CRRWC review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term. Recipients can register on line at (<https://www.sam.gov>). CRRWC as the recipient may not make a sub award to an entity unless the entity has provided its Data Universal Number System (DUNS) number to CRRWC. Sub-recipients with sub-awards of \$25,000 or more must also have and maintain a current SAM registration.

An application conference will be necessary. Please contact me to confirm a time and place. During our conference we will initiate the processing checklist and establish time schedules for completion of various loan docket items. Please retain your copy of the processing checklist, refer to it, and update it periodically in order to ensure your application proceeds as quickly as possible. Copies of appropriate forms, appendices, and a processing checklist will be provided to you at the application conference. These documents are important for orderly application assembly by you and processing by Rural Development.

We have determined, by phone call this afternoon, that the application conference will occur in the afternoon of March 7th at the Redmond Area Office.


If you have any questions, please contact me at the Redmond, Oregon USDA Rural Development Office: 541-923-4358, ext 137 or email: pam.swires@or.usda.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pam Swires". The signature is fluid and cursive, with a large initial "P" and a long horizontal stroke extending to the right.

PAM SWIRES
Community Programs Specialist

cc: Sam Goldstein, CP Director, Portland, OR



Appendix F

Resolutions Authorizing this Project / Loan

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CROOKED RIVER RANCH WATER COMPANY**

RESOLUTION 2014-003

The undersigned, being the Board of Directors ("Board") of the Crooked River Ranch Water Company, an Oregon mutual benefit non-profit corporation, ("Company"), desire to take the following action at a duly-noticed Board meeting:

WHEREAS, Section 4.8(a) of the Company's Bylaws vests the Board with the responsibility for general supervision and financial oversight of the Company and authorizes the Board to take all actions necessary for the management of the Company to meet the Board's oversight and financial responsibilities;

WHEREAS, Section 4.8(h) of the Company's Bylaws authorizes the Board to exercise such powers and to do such acts as it may find to be proper and necessary or expedient for accomplishing any of the Company's lawful purposes;

WHEREAS, the Company has previously initiated the development and implementation of a 20-year master plan to guide the completion of the water system; and

WHEREAS, the Board previously found it necessary to pursue funding to be used for the Tower Road Project consistent with the 20-year master plan and has initiated an application with the U.S. Department of Agriculture to obtain such funds;

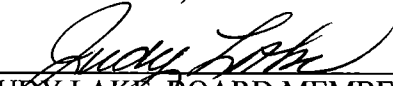
NOW THEREFORE BE IT RESOLVED, the Board determines that if the Company obtains satisfactory financing of the Tower Road Project, it is in the Company's best interest to cause that project to be constructed, and the Board directs the General Manager to take all steps necessary to complete that project once sufficient financing has been obtained.

ACCEPTED AND AGREED AS OF THE __TH DAY OF MAY 2014:

ART CROSSLEY, BOARD MEMBER



DENNIS KIRK, BOARD MEMBER



JUDY LAKE, BOARD MEMBER



SHERIDAN LOSTER, BOARD MEMBER

JAMES (ARCHIE) MCCAULEY, BOARD MEMBER

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CROOKED RIVER RANCH WATER COMPANY**

RESOLUTION 2014-001

The undersigned, being the Board of Directors ("Board") of the Crooked River Ranch Water Company, an Oregon mutual benefit non-profit corporation, ("Company"), desire to take the following action at a duly-noticed Board meeting:

WHEREAS, Section 4.8(a) of the Company's Bylaws vests the Board with the responsibility for financial oversight of the Company and authorizes the Board to take all actions necessary for the management of the Company to meet the Board's financial responsibilities;

WHEREAS, Section 4.8(h) of the Company's Bylaws authorizes the Board to exercise such powers and to do such acts as it may find to be proper and necessary or expedient for accomplishing any of the Company's lawful purposes;

WHEREAS, the Company is in the process of developing and implementing a 20-year master plan to guide the completion of the water system; and

WHEREAS, the Board finds it necessary to pursue funding to be used for the Tower Road Project consistent with the 20-year master plan and has initiated an application with the U.S. Department of Agriculture to obtain such funds;

NOW THEREFORE BE IT RESOLVED, the Board, instructs the General Manager to take all steps necessary to complete the application process with the U.S. Department of Agriculture for funds to be used for the Tower Road Project to the point that the Board must make a final decision to obligate the Company for repayment of any such funds.

ACCEPTED AND AGREED AS OF THE 10TH DAY OF FEBRUARY 2014:

ART CROSSLEY, BOARD MEMBER



DENNIS KIRK, BOARD MEMBER



JUDY LAKE, BOARD MEMBER



SHERIDAN LOSTER, BOARD MEMBER



JAMES (ARCHIE) MCCAWLEY, BOARD MEMBER

**CONSENT TO ACTION BY THE BOARD OF DIRECTORS OF THE
CROOKED RIVER RANCH WATER COMPANY**

RESOLUTION 2013-005

The undersigned, being the Board of Directors ("Board") of the Crooked River Ranch Water Company, an Oregon mutual benefit non-profit corporation, ("Company"), desire to take the action hereinafter set forth without a duly called and noticed meeting:

WHEREAS, Section 4.8(a) and Section 4.8(h) of the Company's Bylaws vest the Board with the responsibility for financial oversight of the Company, authorize the Board to take all actions necessary for the management of the Company, and authorize the Board to exercise such powers and to do such acts as it may find to be proper and necessary or expedient for accomplishing any of the Company's lawful purposes;


WHEREAS, the Company has initiated the development and implementation of a 20-year master plan to guide the completion of the water system; and

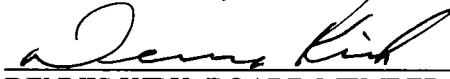
WHEREAS, the Company previously found it necessary to pursue a form of debt financing for the purpose of obtaining funds that will be used for the planning and development of capital improvements consistent with the 20-year master plan;

NOW THEREFORE BE IT RESOLVED, the Board approves the use of up to \$30,000 of the Company's contingency reserve fund to be applied to the preliminary engineering and environmental impact assessments necessary to both implement the 20-year master plan and to obtain financing for specific capital improvements. This resolution shall be conditioned upon approval of the Oregon Public Utility Commission for the use of such funds and the Board directs the General Manager to take all steps necessary to obtain such approval; and

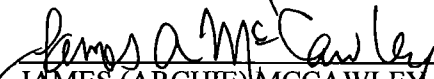
BE IT FURTHER RESOLVED, the authorized funds shall be replenished, if possible, using funds obtained from the ultimate financing of the specific capital improvements that rely on the above-authorized engineering and environmental impact assessments.

ACCEPTED AND AGREED AS OF THE LATEST-DATED SIGNATURE BELOW:

 6/12/13
ART CROSSLEY, BOARD MEMBER DATE

 6-12-13
DENNIS KIRK, BOARD MEMBER DATE

 6-13-13
SHERIDAN LOSTER, BOARD MEMBER DATE

 6-17-13
JAMES (ARCHIE) MCCAULEY, BOARD MEMBER DATE

 6-13-13
BARBARA ROBERTS, BOARD MEMBER DATE