

1 **CERTIFICATE OF SERVICE**

2 I certify that on February 2, 2011, I served the foregoing Motion and Attachments upon
3 the parties in this proceeding by electronic mail and by sending a true, exact and full copy by
4 regular mail, postage prepaid, or by hand-delivery/shuttle, to the parties accepting paper service.

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6 WJ 8

UCR 100

7 **CABLE HUSTON BENEDICT, ET AL**
8 RAYMOND S KINDLEY
1001 SW FIFTH AVENUE, SUITE 2000
9 PORTLAND OR 97204-1136
rkindley@cablehuston.com

Greg & Trudi Turnbow
13454 Golden Mantel
Terrebonne OR 97760

9 **CABLE HUSTON BENEDICT, ET AL**
10 TOMMY A BROOKS
1001 SW FIFTH AVE, STE 2000
11 PORTLAND OR 97204-1136
tbrooks@cablehuston.com

12 **CROOKED RIVER RANCH HOA**
13 FRANK FERRARO
RESIDENT
5195 SW CLUBHOUSE RD
14 CROOKED RIVER OR 97760
info@crookedriverranch.com

15 **CROOKED RIVER RANCH WATER CO**
16 BRIAN ELLIOTT
PRESIDENT, BOARD OF DIRECTORS
PMP 313 - 1604 S HWY 97 #2
17 REDMOND OR 97756

18 **HARRANG LONG GARY RUDNICK PC**
19 C. ROBERT STERINGER
1001 SW FIFTH AVENUE
16TH FLOOR
20 PORTLAND OR 97204
bob.steringer@harrang.com

21 **PUBLIC UTILITY COMMISSION OF OREGON**
22 MICHAEL DOUGHERTY
PO BOX 2148
SALEM OR 97308-2148
michael.dougherty@state.or.us

23
24 

25 Neoma Lane
26 Legal Secretary
Department of Justice
Business Activities Section

FILED
JEFFERSON COUNTY
2010 APR 23 PM 2:44
STATE OF OREGON

IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF JEFFERSON

Case No. 09CV0049

CHARLES NICHOLS, PETER NEUFELD,
LAURENCE ROBBINS, RICHARD
CARNER, DENNIS KIRK, HAROLD LEE,
JIMMY QUIRICONI, KEITH BUCKLEY,
ROBERT RANDIS, BARBARA ROBERTS,
CHARLIE VAWTER, PENNY PIAZZA,
MARY ANN CROSSLEY, SHERIDAN
LOSTER, GEORGE BENTLEY, WILBUR
DURFEE, STAN KIRK, JAMES
McCAWLEY, DALTON CLARK, MIKE
DRUMM, DON BLACK, JACK C.
DEWING, KEVIN SMITH, KAREN
SINIZER and RONALD MEISNER,

Plaintiffs,

v.

CROOKED RIVER RANCH WATER
COMPANY, an Oregon non-profit
corporation; CROOKED RIVER RANCH
WATER COOPERATIVE, an Oregon
cooperative; RICHARD A. KEEN JR.,
RANDOLPH M. SCOTT, BRIAN A.
ELLIOTT, and RICHARD J. MILLER,, in
their capacity as board members of the
Crooked River Ranch Water Company and the
Crooked River Ranch Water Cooperative;
JOHN COMBS, in his capacity as a board
member of the Crooked River Ranch Water
Company; JAMES H. ROOKS, in his capacity
as general manager of the Crooked River
Ranch Water Company and as a board
member of the CROOKED RIVER RANCH
WATER COOPERATIVE; and the OREGON
PUBLIC UTILITY COMMISSION, an
administrative agency of the State or Oregon

Defendants.

1 STATE OF OREGON, by and through John
2 R. Kroger, Attorney General,

3 Intervenor-Plaintiff

4 v.

5 CROOKED RIVER RANCH WATER
6 COMPANY, an Oregon non-profit
7 corporation; CROOKED RIVER RANCH
8 WATER COOPERATIVE, an Oregon
9 cooperative; RICHARD A. KEEN JR.,
10 RANDOLPH M. SCOTT, BRIAN A.
11 ELLIOTT, RICHARD J. MILLER, JOHN
12 COMBS, and JAMES H. ROOKS,

13 Defendants.

Case No. 09CV0049

LIMITED JUDGMENT

14 The Parties, below, stipulate and agree, and the Court finds:

15 A. The Parties stipulating to this limited judgment are:

16 1. Charles Nichols; Peter Neufeld; Laurence Robbins; Richard Carner; Dennis Kirk;
17 Harold Lee; Jimmy Quiriconi; Keith Buckley; Robert Randis; Barbara Roberts; Charles Vawter;
18 Penny Piazza; Mary Jo Crossley; Sheridan Loster; George Bentley; Wilbur Durfee; Stan Kirk;
19 James McCawley; Dalton Clark; Mike Drumm; Don Block; Jack C. Dewing; Kevin Smith;
20 Karen Sinizer; and Ronald Meisner ("Plaintiffs");

21 2. Crooked River Ranch Water Company, an Oregon non-profit corporation;
22 Crooked River Ranch Water Cooperative, an Oregon cooperative; Richard A. Keen, Jr.,
23 Randolph Scott, Brian A. Elliott, and Richard J. Miller, in their capacity as board members of the
24 Crooked River Ranch Water Company and the Crooked River Ranch Water Cooperative; John
25 Combs, in his capacity as a board member of the Crooked River Ranch Water Company;
26 James H. Rooks, in his capacity as general manager of the Crooked River Ranch Water
Company and as a board member of the Crooked River Ranch Water Cooperative;
("Defendants"); and

1 3. The State of Oregon, by and through John R. Kroger, Attorney General
2 (“Intervenor”).

3 **B.** All Parties stipulating to this judgment are parties to this case filed in Jefferson County
4 Circuit Court captioned Nichols, et al. v. Crooked River Ranch Water Company, et al., and State
5 of Oregon, by and through John R. Kroger, Attorney General v. Crooked River Ranch Company
6 et al., case number 09CV-0049 (the “Litigation”).

7 **C.** This limited judgment resolves the First, Second, Third and Fourth Claims for Relief in
8 plaintiffs’ Second Amended Complaint and all of the Intervenor’s claims for relief with respect
9 to the dissolution of Crooked River Ranch Water Company, but fewer than all of the claims or
10 parties; there is no just reason for delay of entry of a limited judgment.

11 **D.** In a letter opinion dated July 13, 2010, a copy of which is attached as Exhibit A, and the
12 findings in which are incorporated by this reference, the Court, Honorable Gary Williams,
13 concluded that Crooked River Ranch Water Company’s dissolution and reorganization as a
14 cooperative was invalid.

15 **E.** The parties, above, have reached a Settlement Agreement, a copy of which is attached as
16 Exhibit B.

17 **F.** That good cause exists to set aside the dissolution of Crooked River Ranch Water
18 Company; to adopt the Settlement Agreement and order the parties, above, to comply with it; to
19 provide that the court will retain jurisdiction pending full performance of the Settlement
20 Agreement; and, to provide that upon the court finding the Settlement Agreement has been
21 performed, that the court will dismiss all remaining claims (all claims except the setting aside of
22 the dissolution) with prejudice and without costs to any Party; now, therefore

23 **IT IS ORDERED AND ADJUDGED**

24 1. The dissolution of Crooked River Ranch Water Company, filed with the Secretary
25 of State on July 5, 2006 is set aside and said corporation shall resume carrying on its activities as
26 if dissolution had never occurred.

1 2. The Parties' Settlement Agreement is approved and adopted and the Parties are
2 ordered to comply with it.

3 3. Crooked River Ranch Water Company will engage in no activities outside the
4 ordinary course of business until the vote described in the Parties' Settlement Agreement occurs
5 and any new Board members are installed. Specifically:

6 a. Crooked River Ranch Water Company will not dispose of assets other
7 than in the ordinary course of business;

8 b. Crooked River Ranch Water Company will not enter into any contracts
9 with a term of more than 30 days, and will not enter into any contract or amend any existing
10 contract with any other Defendant without approval of the court;

11 c. Crooked River Ranch Water Company will not appoint new directors;

12 d. Crooked River Ranch Water Company will not change its bylaws;

13 e. Following execution of this Agreement, Crooked River Ranch Water
14 Company will not represent to the IRS that it has converted to a cooperative under ORS
15 Chapter 62, but may continue to claim tax exempt status under IRC 501(c)(12) for mutual benefit
16 or cooperative organizations; and

17 f. Crooked River Ranch Water Company will not settle any other litigation
18 without court approval and an opportunity for input by the Attorney General.

19 4. The Court will retain jurisdiction pending full performance of the Settlement
20 Agreement and may enter such further orders as needed to enforce the agreement or provide
21 appropriate relief if the agreement cannot be enforced;

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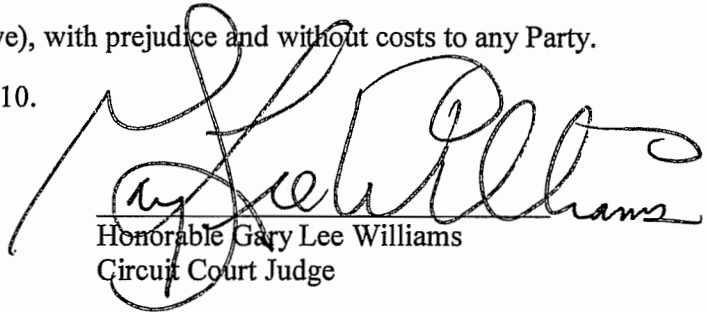
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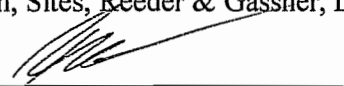
1 5. Upon the Court finding that the Settlement Agreement has been performed, that
2 the Court will dismiss all remaining claims (all claims except those resolved by this limited
3 judgment as referenced in Finding "C," above), with prejudice and without costs to any Party.

4 DATED this 23 day of August, 2010.

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6 
7 Honorable Gary Lee Williams
Circuit Court Judge

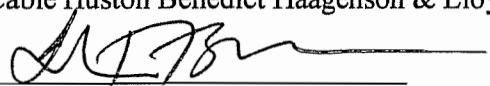
8 **So Stipulated:**

9 Glenn, Sites, Reeder & Gassner, LLP

10 
11 Timothy R. Gassner OSB 023090
12 Attorneys for Defendants

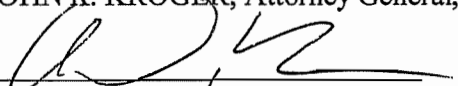
Dated: 8/16/10

13 Cable Huston Benedict Haagenson & Lloyd LLP

14 
15 Tommy A. Brooks OSB 076071
Attorneys for Plaintiffs

Dated: 8-18-2010

16 JOHN R. KROGER, Attorney General, Intervener

17 
18 Albert C. Deppenbrock, OSB 780350
Assistant Attorney General

Dated: August 16, 2010

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Jefferson County Circuit Court
75 SE "C" Street, Suite C
Madras, OR 97741-1794
www.ojd.state.or.us/jef
541.475.3317
Reply to (✓)



Crook County Circuit Court
300 NE 3rd St.
Prineville, OR 97754-1990
www.ojd.state.or.us/cro
541.447.6541
Reply to ()

Daniel J. Ahern
Circuit Court Judge

George W. Neilson
Presiding Judge

Gary Lee Williams
Circuit Court Judge

Twenty-Second Judicial District

July 13, 2010

Albert C. Deppenbrock
Dept. of Justice
1162 Court St. NE
Salem, OR 97301

Timothy R. Gassner
Attorney at Law
205 SE Fifth St.
Madras, OR 97741

Tommy A. Brooks
Cable Huston Benedict Haagensen & Lloyd LLP
1001 SW Fifth Ave., Suite 2000
Portland, OR 97204

C. Robert Steringer
Harrang Long Gary Rudnick P.C.
1001 SW Fifth Ave., 16th Floor
Portland, OR 97204

Re: Charles Nichols, et al. v. Crooked River Ranch Water Company, et al.
State of Oregon v. Crooked River Ranch Water Company, et al.
Jefferson Co. Circuit Court Case No. 09CV0049

Gentlemen:

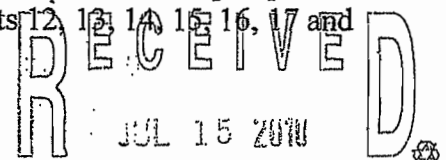
This matter came before the court on Intervener/Plaintiff's motion for summary judgment. It was filed on March 11, 2010. Defendants filed a response to the motion for summary judgment, and as part of the same document, filed a cross-motion for summary judgment. All parties filed responses, or joined in other parties' responses and replies.

Considerable time was spent arguing various aspects of the motion for summary judgment and defendants' cross-motion for summary judgment. Even though the parties presented what they believed to be the threshold issue, that is the validity of the purported dissolution, I allowed argument on all claims and cross-claims for appellate purposes and to allow me to take all information and all undisputed facts into account before making a decision on these issues.

In the motion for summary judgment itself, some of the points (which are labeled POINTS - FACTS AND AUTHORITIES) are not specific claims for summary judgment, but are essentially background information, supported by the record, in support for Intervener/Plaintiff's position that there was not a lawful, valid dissolution. For example, points 1, 2, 5, 9, 10, 11, 19, 20 and 21 probably fall into that category. Points 12, 13, 14, 15, 16, and

Exhibit A

Page 1 of 3 APPELLATE DIVISION



18 are inappropriate for summary judgment resolution, because they all involve disputed issues of material fact.

However, there are factual issues which are not disputed, and lend themselves to summary judgment in this case.

Based on undisputed fact in the record before me, I find that the dissolution of the Crooked River Ranch Water Company and the creation of the Crooked River Ranch Water Cooperative was invalid.

It is agreed that there was no dissolution of the water system itself. Defendants argue that only the legal entity, Crooked River Ranch Water Company, was dissolved. However, there was no change of board members at the time of the dissolution. The tax identification number did not change. There was no forfeiture of member equity upon dissolution and conversion to the cooperative. There was no notice to the membership of the former company. There was no vote submitted to the membership regarding dissolution. The board of directors continued to operate the cooperative in the same way it had previously operated the former company. No assets were transferred to the cooperative. The cooperative does not have its own financial records, but rather has continued the books of the former company. James Rooks, in deposition said, “We really didn’t dissolve anything. We just changed the name... nothing changed.” The paid staff of the cooperative is the same as under the former company. I conclude that a valid dissolution did not take place.

There has been significant question regarding the validity of the election and/or appointment and service of several board members. Even if members of the board of directors were validly elected or appointed, they had no authority to dissolve the former company by resolution and to form a new company, under their control, without member equity. Because it eliminates members’ equity, it would risk a loss of tax exemption or tax exempt status that the company was established for. It also violates the company’s articles of incorporation as amended in 1991. The assets are owned by members, and no one has authority to transfer the members’ equity to a new company or to another entity without a vote of the membership. ORS 65.441

I also conclude that the dissolution document (the resolution by the board on June 29, 2006) did not constitute a valid dissolution. The resolution did not transfer assets to anyone and the cooperative was not established at that time. The terms of the resolution violates the company’s articles of incorporation by forfeiting members’ equity. All assets of the company belong to the members, based on the 1991 Articles of Amendment, amending the articles of incorporation. Because the 2001 Articles of Amendment were never filed with the Secretary of State, they are not valid or effective. ORS 65.447. Directors have no authority to take actions that violate the company’s articles of incorporation.

If the dissolution was valid the articles of incorporation provide that upon dissolution, the company shall distribute its assets to its members. That was not done in this case. In fact, the

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July 13, 2010

Letter to Counsel – Nichols v. Crooked River Ranch Water Co., et al

assets were taken from the members and purportedly transferred to a cooperative, which is a separate legal entity.

The act of company dissolution certainly does not qualify as ordinary or regular business of the corporation; rather it is an extraordinary decision. The board had no authority to take that action. Such an action requires the vote of the members. See Official Commentary to the Revised Oregon Non-Profit Corporation Act, ORS Chapter 65. When articles of incorporation and bylaws are silent on whether members have the right to vote for dissolution, members have such a right.

The motion for summary judgment as to the validity of the dissolution is granted, for reasons stated above. Defendants' cross motion for summary judgment is denied. I am not asking any of the parties to prepare a proposed order until our telephonic conference takes place next week.

Truly yours,

A handwritten signature in black ink, appearing to read "Gary L. Williams". The signature is written in a cursive, flowing style with a large initial "G".

Gary L. Williams
Circuit Court Judge

GLW/lb

SETTLEMENT AGREEMENT

Recitals

- A. The Parties to this agreement are:
1. Charles Nichols; Peter Neufeld; Laurence Robbins; Richard Carner; Dennis Kirk; Harold Lee; Jimmy Quiriconi; Keith Buckley; Robert Randis; Barbara Roberts; Charles Vawter; Penny Piazza; Mary Jo Crossley; Sheridan Loster; George Bentley; Wilbur Durfee; Stan Kirk; James McCawley; Dalton Clark; Mike Drumm; Don Block; Jack C. Dewing; Kevin Smith; Karen Sinizer; and Ronald Meisner (“Plaintiffs”);
 2. Crooked River Ranch Water Company, an Oregon non-profit corporation; Crooked River Ranch Water Cooperative, an Oregon cooperative; Richard A. Keen, Jr., Randolph Scott, Brian A. Elliott, and Richard J. Miller, in their capacity as board members of the Crooked River Ranch Water Company and the Crooked River Ranch Water Cooperative; John Combs, in his capacity as a board member of the Crooked River Ranch Water Company; James H. Rooks, in his capacity as general manager of the Crooked River Ranch Water Company and as a board member of the Crooked River Ranch Water Cooperative (“Defendants”); and
 3. The State of Oregon, by and through John R. Kroger, Attorney General (“Intervenor”).
- B. All Parties to this agreement are parties to litigation filed in Jefferson County Circuit Court captioned *Nichols, et al. v. Crooked River Ranch Water Company, et al.*, and *State of Oregon, by and through John R. Kroger, Attorney General v. Crooked River Ranch Company et al.*, case number 09CV-0049 (the “Litigation”).
- C. Crooked River Ranch Water Company (“CRRWC”) is an Oregon nonprofit organization created for the purpose of owning, operating and maintaining the water system for Crooked River Ranch. In 2006, the Oregon Public Utility Commission (“PUC”) gave notice to CRRWC that it would take action on petitions filed with the PUC pursuant to ORS 757.063 requesting that the PUC make an investigation to exert regulatory jurisdiction over CRRWC. In July 2006, the Board of Directors of CRRWC attempted to reorganize the company as a cooperative under Oregon Revised Statutes chapter 62. Proceedings relating to the PUC’s investigation ensued before the PUC and the Oregon Court of Appeals. As of the date of this agreement, the matter of whether the PUC will assert regulatory jurisdiction over CRRWC is before the PUC, but no hearing is scheduled.
- D. Plaintiffs and Intervenor allege in the Litigation that CRRWC’s dissolution and reorganization as a cooperative was invalid. In a letter opinion dated July 13, 2010, Circuit Court Judge Gary Williams granted partial summary judgment in

EXHIBIT

B

PAGE

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Settlement Agreement

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- E. favor of Plaintiffs and Intervenor upon concluding that the CRRWC's dissolution and reorganization as a cooperative was invalid.
- F. The Parties recognize that CRRWC has not been operated formally since its directors attempted to dissolve it in 2006. As the individuals who have operated the water system since 2006 under the name of the Crooked River Ranch Water Cooperative, the directors and general manager of the Crooked River Ranch Water Cooperative have approved this Agreement on behalf of both Crooked River Ranch Water Company and Crooked River Ranch Water Cooperative to the extent of their authority to do so, with the knowledge that it may become enforceable against Crooked River Ranch Water Company only upon its incorporation in a limited judgment entered by the court in the Litigation.
- G. The Parties agree to settle the Litigation on the following terms.

Agreement

- 1. The Recitals are incorporated by this reference as if fully stated herein.
- 2. The membership of CRRWC will vote on a Board of Directors that will serve CRRWC. The following rules will govern the election:
 - a. The election shall be administered by the Neutral who shall be a person agreed to by the Parties, or if the Parties do not agree, selected by the court in this case, after hearing the Parties. The Neutral's fee, if there is one, will be paid by CRRWC.
 - b. Any member of CRRWC, except employees of the company, can run for the Board of Directors.
 - c. Written ballots will be printed and mailed by CRRWC, at company expense and subject to oversight by the Neutral, Plaintiffs, and the Attorney General. Write-in candidates will be allowed. The return address on the envelopes mailed out, and address of the envelope to be mailed in, will be the Neutral's. Ballots will be received and counted by the Neutral. All Parties will have the right to review and comment on the proposed form of ballot, with any disputes resolved by the Neutral. All Parties will have the right to observe the process for receiving and counting ballots, with any challenges to the process resolved by the Neutral. Ballots will be date-stamped by the Neutral as they are received, and delivered to CRRWC when the election is concluded.
 - d. Any CRRWC member may challenge the results of the election by filing a challenge with the Neutral as soon as practicable after the matter challenged, but in all events, within four (4) business days after the results are announced by the Neutral. The Neutral will resolve all challenges

within fourteen (14) days after they are filed. The Neutral's decision is final, subject to appeal only for corruption, fraud or an evident material miscalculation. Such appeal will be to the court in this case.

- e. The election of directors will take place within ninety (90) days after the court approves this Agreement through entry of a limited judgment as provided in Paragraphs 9 and 10 below. The schedule for the election will be as follows unless modified by the Neutral:
 - i. The Neutral will complete the statement described in paragraph 2(g) below and deliver it to CRRWC no later than August 15, 2010, for inclusion in water bills mailed during the last two days in August.
 - ii. Candidates wishing to be included on the ballot must provide written notice of their candidacy to the Neutral no later than September 15, 2010, along with a photocopy-ready quarter-page statement for the voter's guide described in paragraph 2(i), below.
 - iii. The ballots and voter's guide will be mailed October 15, 2010.
 - iv. Completed ballots must be postmarked by October 30, 2010, to be counted.
- f. Five directors will be elected. Members may vote for up to five persons as directors, with the top five vote-getters elected.
- g. A statement by the Neutral identifying the purpose of the election, approved by the court after all Parties have an opportunity to be heard, will go out in water bills before the election. No other information will be included with water bills outside the normal course of business until after the outcome of the election has been finalized by the Neutral. The Parties will be given the opportunity to review any information to be included with water bills prior to the election of directors, and any disputes regarding the contents of such information will be resolved by the Neutral.
- h. Any event that is organized for the purpose of inviting members of CRRWC to meet and to learn about more than two candidates for the Board of Directors, and that is held in a location that is normally open to the public, will be open to all CRRWC members and all candidates for the Board of Directors.
- i. The ballots will be mailed at CRRWC expense and accompanied by a voter's guide containing the statement made by any candidate submitting a statement pursuant to paragraph 2.e.ii. Each candidate will be allowed a quarter page (1/4 of an 8.5" by 11" sheet of paper) for their statement,

except that the Neutral may authorize one-third of a page per candidate if twelve or fewer candidates register for the election.

- j. No candidate may represent themselves as “incumbent” or otherwise as a current member of the CRRWC Board of Directors, but any candidate may refer to their service as a member of the “Crooked River Ranch Water Company” Board of Directors prior to June 29, 2006 and any candidate may refer to their service as a member of the “Crooked River Ranch Water Cooperative” Board of Directors after June 29, 2006, if applicable. Although the Parties recognize that disputes exist regarding the process by which certain members of the Board of Directors were appointed or elected to those positions (including the individual defendants in the Litigation), the Parties agree that those who have served in those positions may refer to their service as provided in this paragraph without violating this Agreement, the rules of the election provided for in this Agreement, or any judgment entered in the Litigation.
 - k. Except as provided in this Agreement or for the purposes of carrying out CRRWC’s obligations under this Agreement (including professional fees relating to the performance of and resolution of any disputes under this Agreement), no CRRWC funds or assets shall be used for campaigning of any kind or in relation to any act or conduct concerning the election.
 - l. Defendants shall provide a current mailing list of members to candidates and to the Neutral, conditioned on the agreement of those who receive the list that they will not use the list for any purpose other than election-related activities or other official CRRWC business. No candidate may have access to or use CRRWC member phone numbers associated with customer accounts or otherwise held, stored or maintained by the company, and no person with access to such phone numbers may provide those numbers to any person.
3. CRRWC will engage in no activities outside the ordinary course of business until the vote occurs and any new Board members are installed. Specifically:
- a. CRRWC will not dispose of assets other than in the ordinary course of business;
 - b. CRRWC will not enter into any contracts with a term of more than 30 days, and CRRWC will not enter into any contract or amend any existing contract with any other Defendant without approval of the court;
 - c. CRRWC will not appoint new directors;
 - d. CRRWC will not change its bylaws;

Settlement Agreement

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- e. Following execution of this Agreement, CRRWC will not represent to the IRS that it has converted to a cooperative under ORS Chapter 62, but may continue to claim tax exempt status under IRC 501(c)(12) for mutual benefit or cooperative organizations; and
 - f. CRRWC will not settle any other litigation without court approval and an opportunity for input by the Attorney General.
4. [This Paragraph 4 intentionally left blank.]
5. The elected directors will take office seven days following announcement of the election results if no challenge is made to the results of the election or immediately upon the resolution of all challenges if one or more challenges are made.
6. Within ninety (90) days after the newly elected Board of Directors takes office, the Board will decide whether to submit a plan for conversion to a cooperative to a vote of the membership. If the Board of Directors decides to submit a plan for conversion to the membership, the vote of the membership shall occur within four months after the Board decision. The process for any decision to convert CRRWC to a cooperative must be consistent with state law, CRRWC's Articles of Incorporation, and CRWWC's Bylaws.
7. Within ninety (90) days after the newly elected Board of Directors takes office, the Board will decide whether to grant a request by Plaintiffs that CRRWC reimburse them for their attorney fees in this action.
8. In order to stagger terms in the future, two directors will serve an initial term of one year, two directors will serve an initial term of two years and one director will serve an initial term of three years. Directors elected in subsequent elections will serve a term of three years unless the Bylaws are modified after the election to provide for a different term of office. The candidate who receives the most number of votes will serve the three-year term, the two candidates who receive the second- and third-highest number of votes will serve the two-year terms, and the two candidates who receive the fourth- and fifth-highest number of votes will serve the one-year terms. In the event two candidates receive the same number of votes and could qualify for one of two terms, the designation of terms for those two candidates will be determined by lot conducted by the Neutral.
9. The Parties will stipulate to a limited judgment:
- a. setting aside the dissolution of the Crooked River Ranch Water Company and incorporating the court's opinion letter;
 - b. adopting this Agreement and ordering the Parties to comply with it;

- c. providing that the court will retain jurisdiction pending full performance of this Agreement;
 - d. providing that upon the court finding the Agreement has been performed, that the court will dismiss all remaining claims (all claims except the setting aside of the dissolution) with prejudice and without costs to any Party.
10. This Agreement is contingent on the court's entry of the limited judgment described in paragraph 9 of this agreement.
11. CRRWC will obtain the name "Crooked River Ranch Water Company" from any person who holds rights to that name, either voluntarily or through an action commenced with the Oregon Secretary of State. Pending the outcome of any decision by the membership to convert to a cooperative, CRRWC will change the names on accounts and stationary to "Crooked River Ranch Water Company," halt any proceedings on its application to change the name associated with water rights, and transfer any assets held by or titled in the name of the cooperative to the Crooked River Ranch Water Company.
12. Each Party to this Agreement and their heirs, executors, partners, shareholders, trustees, owners and subsidiaries, administrators, assigns, insurers, agents, employees, attorneys and representatives, all in their individual and representative capacities, hereby releases each other Party to this agreement and their heirs, executors, partners, shareholders, trustees, owners and subsidiaries, administrators, assigns, insurers, agents, employees, attorneys and other representatives acting within the scope of their representation relating to the CRRWC, all in their individual and representative capacities, from any and all civil claims, demands, actions or causes of action, whether known or unknown, related to the claims for relief in the Litigation. Each Party acknowledges he, she or it may discover facts different from or in addition to the facts they now know or believe to be true with respect to the Litigation, but that it is the intention of the Parties to fully, finally, absolutely and forever settle any and all claims disputes and differences relating to the claims for relief in the Litigation. Discovery of additional facts shall not be grounds for further claims or litigation against a Party unless such facts were intentionally concealed by the Party in response to a lawful discovery request in the Litigation, the PUC proceedings referenced in Recital C above, or a similar obligation imposed by statute or rule. Nothing herein releases any entity from any claim for any act or omission that occurs after this Agreement goes into effect or from any claim by any agency of the State of Oregon other than the Oregon Department of Justice.
13. The undersigned attorneys are authorized to execute this agreement on behalf of their clients. This agreement is binding on each of the Parties to this agreement as if signed by each of them individually.

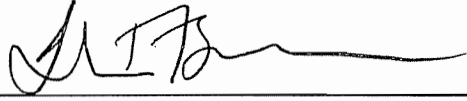
Settlement Agreement

Page 7 of 7

14. This Agreement may be executed in multiple counterparts, all of which shall constitute a single agreement and shall contain the entire agreement of the Parties. All prior negotiations, statements, or representations are superseded and displaced by this Agreement. Furthermore, fax or electronic signatures are to be construed as originals.

GLENN, SITES, REEDER & GASSNER, LLP

CABLE HUSTON BENEDICT HAAGENSEN & LLOYD, LLP



Timothy R. Gassner, OSB No. 023090
Attorneys for Defendants

Tommy A. Brooks, OSB No. 076071
Attorney for Plaintiffs

Dated: 8/20, 2010

Dated: August 18, 2010

**JOHN R. KROGER, Attorney General,
Intervenor-Plaintiff**



Albert C. Depenbrock, OSB No. 780350
Assistant Attorney General

Dated: 8/22, 2010

EXHIBIT

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PAGE

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**GLENN, REEDER & GASSNER, LLP
ATTORNEYS AT LAW**

205 SE Fifth Street, Madras, Oregon 97741-1632
Telephone: (541) 475-2272
Fax: (541) 475-3944

DAVID C. GLENN
DONALD V. REEDER
TIMOTHY R. GASSNER
WADE L. WHITING

BOYD OVERHULSE
1934-1966 (Deceased)
SUMNER C. RODRIGUEZ
1949-2005 (Deceased)

November 10, 2010

Jefferson County Circuit Court
75 SE "C" Street
Madras, OR 97741

*Re: Nichols, et al v. Crooked River Ranch Water Company
Jefferson County Case No. 09CV-0049*

Dear Civil Clerk:

Enclosed, please find the Motion for Entry of Stipulated General Judgment of Dismissal and the Stipulated General Judgment of Dismissal with Prejudice. Please present the proposed Judgment to Judge Williams for his review and signature and indicate the date the Judgment was signed on the included postal cards.

Also, enclosed is check in the amount of \$10.00 for the signature fee. Thank you for your assistance.

Very truly yours,
GLENN, REEDER & GASSNER, LLP

TIMOTHY R. GASSNER
TRG:jp

cc: Tommy Brooks
Al Depenbrock ✓

Encls.

H:\Tim\CRR Water\NICHOLS\ltr Clk Jeff Cty.wpd

RECEIVED
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DEPARTMENT OF JUSTICE
TRIAL DIVISION

1
2 IN THE CIRCUIT COURT OF THE STATE OF OREGON

3 FOR THE COUNTY OF JEFFERSON

4 CHARLES NICHOLS, PETER NEUFELD,
5 LAURENCE ROBBINS, RICHARD
6 CARNER, DENNIS KIRK, HAROLD LEE,
7 JIMMY QUIRICONI, KEIGHT BUCKLEY,
8 ROBERT RANDIS, BARBARA ROBERTS,
9 CHARLIE VAWTER, PENNY PIAZZA,
10 MARY ANN CROSSLEY, SHERIDAN
11 LOSTER, GEORGE BENTLEY, WILBUR
12 DURFEE, STAN KIRK, JAMES
13 McCAWLEY, DALTON CLARK, MIKE
14 DRUMMN, DON BLACK, JACK C.
15 DEWING, KEVIN SMITH, KAREN
16 SINIZER, and RONALD MEISNER,

17 Plaintiffs,

18 v.

19 CROOKED RIVER RANCH WATER
20 COMPANY, an Oregon non-profit
21 corporation; CROOKED RIVER RANCH
22 WATER COOPERATIVE, an Oregon
23 cooperative; RICHARD A. KEEN JR.,
24 RANDOLPH SCOTT, BRIAN A.
25 ELLIOTT, and RICHARD J. MILLER, in
26 their capacity as board members of the
Crooked River Ranch Water Company and
the Crooked River Ranch Water Cooperative;
JOHN COMBS, in his capacity as a board
member of the Crooked River Ranch Water
Company; JAMES H. ROOKS, in his
capacity as general manager of the Crooked
River Ranch Water Company and as a board
member of the Crooked River Ranch Water
Cooperative; and the OREGON PUBLIC
UTILITY COMMISSION, an administrative
agency of the State of Oregon,

Defendants.

Case No. 09-CV-0049

MOTION FOR ENTRY OF STIPULATED
GENERAL JUDGMENT

1- MOTION FOR ENTRY OF JUDGMENT

1 STATE OF OREGON, by and through John
2 R. Kroger, Attorney General,

Case No. 09-CV-0049

3 Intervenor-Plaintiff

4 v.

5 CROOKED RIVER RANCH WATER
6 COMPANY, an Oregon non-profit
7 corporation; CROOKED RIVER RANCH
8 WATER COOPERATIVE, an Oregon
9 cooperative; RICHARD A. KEEN JR.,
10 RANDOLPH SCOTT, BRIAN A.
11 ELLIOTT, and RICHARD J. MILLER, in
12 their capacity as board members of the
13 Crooked River Ranch Water Company and
14 the Crooked River Ranch Water Cooperative;
15 JOHN COMBS, in his capacity as a board
16 member of the Crooked River Ranch Water
17 Company; JAMES H. ROOKS, in his
18 capacity as general manager of the Crooked
19 River Ranch Water Company and as a board
20 member of the Crooked River Ranch Water
21 Cooperative

22 Defendants.

23 COMES NOW, Defendants by and through counsel Timothy R. Gassner, and moves this
24 Court for entry of the attached Stipulated General Judgment of Dismissal with Prejudice.

25 This Motion is supported by the attached Affidavit of Counsel.

26 RESPECTFULLY submitted this 10 day of November 2010.

GLENN, REEDER & GASSNER, LLP


TIMOTHY R. GASSNER OSB 023090
Of Attorneys for Defendants

///

///

///

2- MOTION FOR ENTRY OF JUDGMENT

GLENN, REEDER & GASSNER, LLP

ATTORNEYS AT LAW

205 S.E. Fifth Street, Madras, OR 97741 Ph: (541) 475-2272

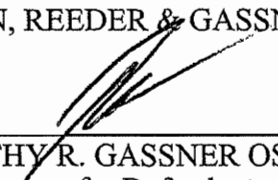
Fax: (541) 475-3944

1 UTCR 5.100

2 The undersigned counsel hereby certifies pursuant to UTCR 5.100 that opposing counsel has no
3 objection to the form of Judgment attached.

4 RESPECTFULLY submitted this 10 day of November 2010.

5 GLENN, REEDER & GASSNER, LLP

6
7 
8 _____
9 TIMOTHY R. GASSNER OSB 023090
10 Of Attorneys for Defendants

11 Submitted By:
12 TIMOTHY R. GASSNER
13 GLENN, REEDER, & GASSNER, LLP
14 205 SE 5TH STREET
15 MADRAS, OR 97741
16 (541) 475-2272

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26 3- MOTION FOR ENTRY OF JUDGMENT

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF JEFFERSON

CHARLES NICHOLS, PETER NEUFELD,
LAURENCE ROBBINS, RICHARD
CARNER, DENNIS KIRK, HAROLD LEE,
JIMMY QUIRICONI, KEIGHT BUCKLEY,
ROBERT RANDIS, BARBARA ROBERTS,
CHARLIE VAWTER, PENNY PIAZZA,
MARY ANN CROSSLEY, SHERIDAN
LOSTER, GEORGE BENTLEY, WILBUR
DURFEE, STAN KIRK, JAMES
McCAWLEY, DALTON CLARK, MIKE
DRUMMN, DON BLACK, JACK C.
DEWING, KEVIN SMITH, KAREN
SINIZER, and RONALD MEISNER,

Plaintiffs,

v.

CROOKED RIVER RANCH WATER
COMPANY, an Oregon non-profit
corporation; CROOKED RIVER RANCH
WATER COOPERATIVE, an Oregon
cooperative; RICHARD A. KEEN JR.,
RANDOLPH SCOTT, BRIAN A.
ELLIOTT, and RICHARD J. MILLER, in
their capacity as board members of the
Crooked River Ranch Water Company and
the Crooked River Ranch Water Cooperative;
JOHN COMBS, in his capacity as a board
member of the Crooked River Ranch Water
Company; JAMES H. ROOKS, in his
capacity as general manager of the Crooked
River Ranch Water Company and as a board
member of the Crooked River Ranch Water
Cooperative; and the OREGON PUBLIC
UTILITY COMMISSION, an administrative
agency of the State of Oregon,

Defendants.

Case No. 09-CV-0049

AFFIDAVIT OF COUNSEL

4- MOTION FOR ENTRY OF JUDGMENT

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STATE OF OREGON, by and through John R. Kroger, Attorney General,

Case No. 09-CV-0049

Intervenor-Plaintiff

v.

CROOKED RIVER RANCH WATER COMPANY, an Oregon non-profit corporation; CROOKED RIVER RANCH WATER COOPERATIVE, an Oregon cooperative; RICHARD A. KEEN JR., RANDOLPH SCOTT, BRIAN A. ELLIOTT, and RICHARD J. MILLER, in their capacity as board members of the Crooked River Ranch Water Company and the Crooked River Ranch Water Cooperative; JOHN COMBS, in his capacity as a board member of the Crooked River Ranch Water Company; JAMES H. ROOKS, in his capacity as general manager of the Crooked River Ranch Water Company and as a board member of the Crooked River Ranch Water Cooperative

Defendants.

STATE OF OREGON)
) ss
Jefferson County)

I, Timothy R. Gassner, being first duly sworn depose and say:

I make this Affidavit in support of Defendant's Motion for Entry of Stipulated General Judgment of Dismissal with Prejudice.


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5- MOTION FOR ENTRY OF JUDGMENT

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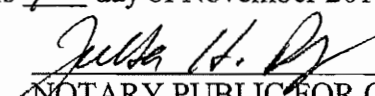
I have conferred with Plaintiff's counsel Tommy Brooks and Intervenor's counsel Al Depenbrock. Counsel for opposing parties have no objection to the form or content of the attached Stipulated General Judgment of Dismissal with Prejudice.

DATED this 10th day of November 2010.



Timothy R. Gassner

SUBSCRIBED and sworn to before me this 10 day of November 2010.



NOTARY PUBLIC FOR OREGON
My Commission Expires: 9/13/14

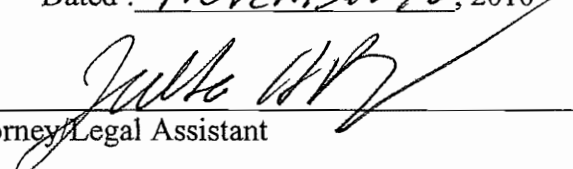


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TRUE COPY CERTIFICATE

The undersigned certifies that the documents to which this certificate is attached are true and complete copies of the originals, excepting only that signatures reflected hereon may have been "conformed" to match the signatures made on the original.

Dated : November 10, 2010



Attorney/Legal Assistant


CERTIFICATE OF SERVICE

The undersigned hereby certifies that a full and complete copy of the documents to which this Certificate is attached were served on Tommy Brooks and Albert C. Depenbrock by mailing, at the following address:

Tommy Brooks
Cable Houston Benedict, et al
1001 SW 5th Ave.
Ste. 2000
Portland, OR 97204

Albert C. Depenbrock
Department of Justice
1162 Court St. NE
Salem, OR 97301

and that said documents were either mailed to said address, first class, postage prepaid, or personally left at that address, which is the named recipient's office, with a person apparently authorized to accept such documents.



Attorney/Legal Assistant

Date: Nov, 10, 2010

TIMOTHY R. GASSNER OSB #02309
GLENN, REEDER & GASSNER, LLP
205 SE 5th St.
Madras, OR 97741
(541) 475-2272
Fax: 541-475-3394

6- CERTIFICATE OF SERVICE

1
2 IN THE CIRCUIT COURT OF THE STATE OF OREGON
3 FOR THE COUNTY OF JEFFERSON

4 CHARLES NICHOLS, PETER NEUFELD,
5 LAURENCE ROBBINS, RICHARD
6 CARNER, DENNIS KIRK, HAROLD LEE,
7 JIMMY QUIRICONI, KEIGHT BUCKLEY,
8 ROBERT RANDIS, BARBARA ROBERTS,
9 CHARLIE VAWTER, PENNY PIAZZA,
10 MARY ANN CROSSLEY, SHERIDAN
11 LOSTER, GEORGE BENTLEY, WILBUR
12 DURFEE, STAN KIRK, JAMES
13 McCAWLEY, DALTON CLARK, MIKE
14 DRUMMN, DON BLACK, JACK C.
15 DEWING, KEVIN SMITH, KAREN
16 SINIZER, and RONALD MEISNER,

17 Plaintiffs,

18 v.

19 CROOKED RIVER RANCH WATER
20 COMPANY, an Oregon non-profit
21 corporation; CROOKED RIVER RANCH
22 WATER COOPERATIVE, an Oregon
23 cooperative; RICHARD A. KEEN JR.,
24 RANDOLPH SCOTT, BRIAN A.
25 ELLIOTT, and RICHARD J. MILLER, in
26 their capacity as board members of the
Crooked River Ranch Water Company and
the Crooked River Ranch Water Cooperative;
JOHN COMBS, in his capacity as a board
member of the Crooked River Ranch Water
Company; JAMES H. ROOKS, in his
capacity as general manager of the Crooked
River Ranch Water Company and as a board
member of the Crooked River Ranch Water
Cooperative; and the OREGON PUBLIC
UTILITY COMMISSION, an administrative
agency of the State of Oregon,

Defendants.

Case No. 09-CV-0049

STIPULATED GENERAL JUDGMENT
OF DISMISSAL WITH PREJUDICE

1- STIPULATED GENERAL JUDGMENT OF DISMISSAL WITH PREJUDICE

1 STATE OF OREGON, by and through John
2 R. Kroger, Attorney General,

Case No. 09-CV-0049

3 Intervenor-Plaintiff

4 v.

5 CROOKED RIVER RANCH WATER
6 COMPANY, an Oregon non-profit
7 corporation; CROOKED RIVER RANCH
8 WATER COOPERATIVE, an Oregon
9 cooperative; RICHARD A. KEEN JR.,
10 RANDOLPH SCOTT, BRIAN A.
11 ELLIOTT, and RICHARD J. MILLER, in
12 their capacity as board members of the
13 Crooked River Ranch Water Company and
14 the Crooked River Ranch Water Cooperative;
15 JOHN COMBS, in his capacity as a board
16 member of the Crooked River Ranch Water
17 Company; JAMES H. ROOKS, in his
18 capacity as general manager of the Crooked
19 River Ranch Water Company and as a board
20 member of the Crooked River Ranch Water
21 Cooperative

22 Defendants.

23 **It has been represented that the parties agree, and the Court finds as follows:**

24 **STIPULATED FACTS**

25 On or about August 18 to August 22, 2010, the Parties entered into a settlement
26 agreement ("Settlement Agreement") to resolve all claims in this litigation. The Settlement
Agreement set forth a process for the election of a Board of Directors for the Crooked River
Ranch Water Company ("Company"). On August 23, 2010, the Court entered a Limited
Judgment requiring the Parties' compliance with the Settlement Agreement. On September 3,
2010, the Court appointed the Honorable Gregory Foote to serve as a Neutral to oversee the
election process pursuant to the terms of the Settlement Agreement.

On November 2, 2010, the Neutral announced the results of the election and determined

2- STIPULATED GENERAL JUDGMENT OF DISMISSAL WITH PREJUDICE

1 that Dennis Kirk, Michael Drum, Sheridan Loster, James McCawley and Charles Vawter
2 received the most votes. No member filed an objection to the results of the election and,
3 according to the terms of the Settlement Agreement, the newly-elected directors took office on
4 November 9, 2010.

5 According to the Limited Judgment, this Court retains jurisdiction of this matter pending
6 “full performance” of the Settlement Agreement. The Settlement Agreement requires
7 performance of only two obligations that arise after the election: 1) the newly-elected board is to
8 consider whether to submit a plan for conversion to a cooperative to the membership for a vote;
9 and 2) the newly-elected board is to consider a request by Plaintiffs for reimbursement of
10 attorney fees accrued in this action. Without waiving any other rights in the Limited Judgment or
11 the Settlement Agreement, the Parties agree that the remaining obligations in the Settlement
12 Agreement do not require the Court to retain jurisdiction over this matter and the recently-elected
13 board has all authority invested in it by state law to continue operation of the Company.

14 Based on the above stipulations, the Parties’ performance of the Settlement Agreement
15 and the terms of the Limited Judgment, the Parties request the Court to enter Judgment as
16 follows, and the Court finds the same to be appropriate; now therefore

17
18 **IT IS ADJUDGED**

19 1. Dennis Kirk, Michael Drum, Sheridan Loster, James McCawley and Charles Vawter
20 constitute the Board of Directors for the Crooked River Ranch Water Company as of November
21 9, 2010;

22 2. The duration of the term for each new director will be set forth in the Settlement
23 Agreement;

24 3. Defendants shall make available to the newly elected board, without delay, all
25 information and property of the Company that remains in the possession and control of any

26 3- STIPULATED GENERAL JUDGMENT OF DISMISSAL WITH PREJUDICE

1 defendant, including but not limited to the following - financial account numbers and passwords,
2 credit cards, all account login information and passwords, passwords for software used for the
3 operation of the Company, operating manuals, instructions, keys, and equipment, all of which the
4 Court finds to be essential to the operation of the Company; and

5 4. All claims in the above captioned litigation that were not decided by the Limited
6 Judgment entered August 23, 2010, are hereby dismissed with prejudice and without costs to any
7 party.

8 DATED THIS _____ day of _____ 2010.

9
10 _____
11 Circuit Court Judge

12 Submitted By:
13 TIMOTHY R. GASSNER
14 GLENN, REEDER, & GASSNER, LLP
15 205 SE 5TH STREET
16 MADRAS, OR 97741
17 (541) 475-2272

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26 4- STIPULATED GENERAL JUDGMENT OF DISMISSAL WITH PREJUDICE

IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR JEFFERSON COUNTY
JEFFERSON COUNTY COURTHOUSE
75 SE C Street, Ste C., Madras, Oregon 97741
(541) 475-3317

November 24, 2010

ALBERT DEPENBROCK
Attorney at Law
DEPT. OF JUSTICE
1162 COURT STREET NE, SUITE 100
SALEM OR 97310-4096

Bar#: 78035

Nichols Charles/Crkd River Ranch Water Co
Case#: 09CV0049 C Civil Contract

NOTICE OF ENTRY OF JUDGMENT

A Judgment Dismissal was entered in the register of the court in the above-noted case on November 23, 2010. This judgment does not create a judgment lien.

This notice is sent in accordance with ORS 18.078.

Client(s) of Addressee:
STATE OF OREGON

CC:
KAREN PETERS-VANESSEN
TOMMY A BROOKS
TIMOTHY R GASSNER
JONA JOLYNE MAUKONEN
OREGON PUBLIC UTILITES COMM

RECEIVED
NOV 26 2010
DEPARTMENT OF JUSTICE
TRIAL DIVISION