

RESOLUTION NO. 10-79 

A RESOLUTION APPROVING AND AUTHORIZING
EXECUTION OF ASSUMPTION AGREEMENT

LAKE SHASTINA COMMUNITY SERVICES DISTRICT

RESOLVED, by the Board of Directors of the Lake Shastina Community Services District, Siskiyou County, California, that that certain Assumption Agreement providing for repayment of a portion of the cost of the sewer facilities Backbone System by and between the Lake Shastina Community Services District and Mountain Home Properties, a copy of which has been presented to this Board, be, and it is hereby accepted and approved and the President is authorized to execute the Assumption Agreement on behalf of the District and the Secretary is directed to attest his signature and affix the official seal of the District.

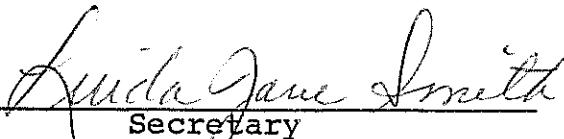
* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted by the Board of Directors of the Lake Shastina Community Services District, Siskiyou County, California, at a meeting thereof duly held on the 18th day of December, 1979 by the following vote:

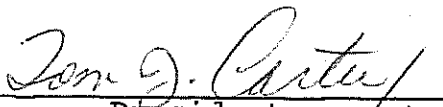
AYES, and in favor thereof, Directors: Carter, Erickson, and Storey.

NOES, Directors: Miralles.

ABSENT, Directors: Applegate.


Secretary

APPROVED:


President

ASSUMPTION AGREEMENT

1. RECITALS

This Agreement is made with reference to, and in contemplation of, the following facts:

a. Formation of District

Pursuant to resolution of the Siskiyou County Board of Supervisors, the Lake Shastina Community Services District (hereinafter "the District") was duly organized.

b. Transfer of Sewer System Facilities

It is anticipated that all sewer system facilities existing within the Lake Shastina subdivisions will be conveyed to, and owned, maintained and operated by the District. Said sewer system facilities are described in Exhibit "A" attached hereto and incorporated herein by reference, and include a low pressure backbone collector system (hereinafter "the Backbone System") which was constructed by Garnet Construction Co. pursuant to an April 24, 1979 agreement between Garnet Construction Co., Tri-Co International, Inc. and the Lake Shastina Joint Services Committee.

c. Advance by MHP

Mountain Home Properties (hereinafter "MHP") advanced Lake Shastina Joint Services Committee \$301,127 to finance the installation of the Backbone System. It did so subject to certain

conditions, including the right to be reimbursed up to the total amount of its advances, out of those portions of the connection fees deposited by Lake Shastina Joint Services Committee into its Revolving Fund in excess of \$20,000.

d. Backbone System

The Backbone System initially will service relatively few lots; however, it is capable of being extended to accommodate approximately 900 lots within Units 1, 2, 3 and 4. Service laterals will be installed only as and when buildings are constructed, and pumps installed on the lots. Among other charges and fees a connection charge will be charged by the District, to the owner of each lot to be connected to the Backbone System, pursuant to District rules, regulations and ordinances.

2. REVOLVING FUND

District agrees all connection charges received by the District for connections to the Backbone System will be deposited into an account which will be denominated "Backbone System Revolving Fund". It will be segregated from all other funds and used for the cost of extension of the Backbone System and installation of service laterals connecting lots to the Backbone System.

3. ASSUMPTION

The District, in consideration for the transfer to it of the sewer system facilities and the sums on deposit in the Revolving Fund, hereby agrees to pay to MHP all sums on deposit in the Backbone System Revolving Fund in excess of \$20,000. The amount due MHP under this Agreement shall be determined and paid annually on the last day of the District's fiscal year.

4. FURTHER ASSURANCE

The District shall hereafter execute all documents and do all acts necessary, convenient or desirable to effect the provisions of this Agreement.

5. SUCCESSORS

The provisions of this Agreement shall be deemed to obligate, extend to and inure to the benefit of the successors, assigns and transferees of the District and MHP.

6. TERM

The term of this Agreement shall be sixty (60) years from its effective date or upon payment of said \$301,127, whichever is sooner. Upon termination of this Agreement, the obligation herein of District shall be null and void.

7. CALIFORNIA LAW

This Agreement is made and entered into in the State of California and shall, in all respects, be interpreted, enforced and governed by and under the laws of that State.

8. ATTORNEYS' FEES

In the event litigation is commenced to enforce or construe any of the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs of suit.

9. CAPTIONS

The captions by which the sections and subsections of this Agreement are identified are for convenience only, and shall have no effect whatsoever upon its interpretation.

10. SEVERANCE

If any provision of this Agreement is held to be illegal or invalid, by a court of competent jurisdiction, such provision shall be deemed to be severed and deleted; and, neither such provision, nor its severance and deletion, shall affect the validity of the remaining provisions.

11. CONDITION

This Agreement is conditioned upon the transfer to District of the sewer facilities system described in said "Exhibit A" and shall be of no force and effect until such transfer has been accomplished as required by law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year hereinbelow written.

DATED:

LAKE SHASTINA COMMUNITY SERVICES DISTRICT

By _____

By _____

MOUNTAIN HOME PROPERTIES

By _____

By _____

EXHIBIT "A"

PARCEL I:

All existing gravity and force main sewer lines, manholes and cleanouts lying within the exterior boundaries of the Lake Shastina Championship Golf Course lying within Sections 1, 2, 11 and 12, Township 42 North, Range 5 West, M.D.M., as said golf course is described as Parcels I and II in the Quit Claim Deed to Ten Weed Corporation, recorded March 10, 1977 in Volume 777 of Official Records of Siskiyou County, page 56.
Together with the right to repair, maintain or replace said facilities.

PARCEL II:

ALSO, all existing gravity and force main sewer lines, manholes and cleanouts lying within the exterior boundaries of the Lake Shastina Executive Golf Course and Clubhouse Area Golf Course lying within Section 1, Township 42 North, Range 5 West, M.D.M., as said golf course is described in the above mentioned Quit Claim Deed recorded in Volume 777 of Official Records of Siskiyou County, page 56.

EXCEPTING FROM the above parcels I and II, those sewer facilities located in the golf courses restrooms facilities, as well as the sewer lines and appurtenances leading from said restrooms facilities to the main sewer lines.

RESERVING the right to hookup the above mentioned restrooms facilities to the sewer facilities conveyed by this grant.

Together with the right to repair, maintain or replace said facilities.

EXHIBIT "A"

All that property situated in the County of Siskiyou, State of California, described as:

PARCEL I

All buildings, pumps, motors, and control equipment, and all other related equipment and appurtenances of the existing sewage ejector stations within the exterior boundaries of the Lake Shastina Community Services District as said District boundaries are set forth in the resolution organizing said District recorded March 5, 1979 in Volume 849 of Official Records of Siskiyou County, page 144.

PARCEL II

All existing gravity and force main sewer lines, manholes, cleanouts, and other sewer appurtenances within the exterior boundaries of, or serving lots within the exterior boundaries of Lake Shastina Community Services District as said District boundaries are set forth in the resolution organizing said District recorded March 5, 1979 in Volume 849 of Official Records of Siskiyou County, page 144.

PARCEL III

All Low pressure sewer lines, manholes, cleanouts and other sewer appurtenances within the exterior boundaries of the Lake Shastina Community Services District as said District boundaries are set forth in the resolution organizing said District recorded March 5, 1979 in Volume 849 of Official Records of Siskiyou County, page 144.

PARCEL IV

A non-exclusive easement for ingress, egress, and maintenance and repair of all existing sewage facilities over, across, and under the common areas owned by the Grantors herein.

PARCEL V

The Northwest one-quarter of the Southwest one-quarter of Section 24, Township 43 North, Range 5 West, M.D.M., in the County of Siskiyou, State of California.

TOGETHER WITH an easement for sanitary sewer purposes, and ingress and egress, located in Section 24, Township 43 North, Range 5 West, M.D.M., in the County of Siskiyou, State of California being 20 feet in width and lying 10 feet on each side of the following described center line: BEGINNING at a point on the Section line common to said Sections 24 and 25 which bears North 89°31'26" East, 23.20 feet from the Southwest corner of said Section 24; thence, North 0°27'27" East, 507.22 feet; thence, North 89°57'27" East, 2,570.00 feet; thence, within the Montague Irrigation District Easement (80 foot wide irrigation ditch easement) North 15°25'51" East, 137.32 feet; thence, leaving said irrigation ditch easement North 61°59'20" West, 1,501.72 feet to a point on the southerly line of the Sewer Lagoon Parcel which bears South 88°25'55" West, 51.50 feet from the Southeast corner of said Sewer Lagoon Parcel, said point being the point of Termination of this easement.

The sidelines of said easement are to be lengthened or shortened to extend from the Easterly right of way line of Big Springs Road (County Road 80 feet wide) to the southerly line of the Sewer Lagoon Parcel.

PARCEL VI

All that portion of Section 36, Township 43 North, Range 5 West, and Section 31, Township 43 North, Range 4 West, M.D.M., Siskiyou County, California, described as follows:

Commencing at the Northeast corner of Lot 661 of Lake Shastina Unit No.4 as shown on the map recorded in Town Map Book 5 at pages 18 through 28, Siskiyou County Records; thence, along the Easterly line of said Lot 661, South 0°44'34" West, 19.72 feet; thence, South 89°15'26" East, 60.00 feet to a line which is 20.00 feet Easterly of and parallel to the centerline of Big Springs Road, as measured at right angles to said centerline; thence, along said parallel line; North 0°44'34" East, 332.13 feet; thence leaving said parallel line, North 89°31'46" East, 270.06 feet to the TRUE POINT OF BEGINNING; thence, North 0°44'34" East 10.00 feet; thence, North 89° 31'46" East, 1005.00 feet; thence, South 0°28'14" East, 356.00 feet; thence, South 89°31'46" West, 642.46 feet; thence, along a curve whose radius point bears North 89°14'39" West, being concave Westerly, having a radius of 1760.00 feet; through a central angle of 18°51'01", an arc distance of 579.04 feet; thence, along a tangent line, South 19°36'22" West, 170.00 feet; thence, North 70°23'38" West, 370.00 feet; thence North 19°36'22" East, 170.00 feet; thence, along a tangent curve being concave Westerly, having a radius of 1390.00 feet, through a central angle of 18°51'48", an arc distance of 457.63 feet; thence, along a tangent line, North 0°44'34" East, 337.85 feet to the True Point of Beginning.

Also, that portion of sewer line easement appurtenant to the above described parcel lying outside the boundaries of the Lake Shastina Community Services District and being more particularly described in the deed to the Lake Shastina Property Owners Association, et al recorded August 15, 1977 in Volume 790 of Official Records of Siskiyou County, page 390.

PARCEL VII:

The existing sewer line and appurtenances crossing the parcel shown on the map filed in the Siskiyou County Recorder's Office on March 9, 1979 in Record Survey Book 9, page 143, said map showing property located in Section 30, Township 43 North, Range 4 West, M.D.M., and in Sections 24 and 25, Township 43 North, Range 5 West, M.D.M., said sewer line located in the easement reserved by Twelve Weed Corporation, in the Deed to Flying L. Ranch, a general partnership, recorded in the Siskiyou County Recorder's Office on December 15, 1978 in Volume 841 of Official Records of Siskiyou County, page 682.

Together with the right, as to the above 7 parcels, to repair, maintain or replace said facilities.

EXHIBIT "A"

All that real property situated in the County of Siskiyou, State of California, described as:

A non-exclusive easement for the installation, removal, ingress, egress, servicing and future servicing of sewer lines for the Lake Shastina Project to the North Sewage Treatment Site. This easement being situated in Sections 24 and 25, Township 43 North, Range 5 West, M.D.M. Said easement is 50 feet in width bordering the right-of-way of Big Springs Road and is 30 feet in width from Big Springs Road to the North Sewer Treatment Site and is more fully described as follows:

COMMENCING at the most Northerly corner of Lot 38 of Lake Shastina Unit No. 3, as recorded in T.M.B. 4 at pages 169-172; thence North $35^{\circ}33'35''$ East, 40.00 feet to the Northeasterly right-of-way line of Big Springs Road; thence South $54^{\circ}26'25''$ East, 152.40 feet to the TRUE POINT OF BEGINNING; thence South $54^{\circ}26'25''$ East, 7.84 feet along the Northeasterly right-of-way line of Big Springs Road to the BEGINNING of a tangent curve to the right with a radius of 1,500.00 feet; thence continuing 1,088.79 feet along the arc of said curve through a central angle of $41^{\circ}35'19''$; thence South $12^{\circ}51'06''$ East, 814.79 feet to Parcel B, Tract No. 1000-8-2 as recorded in T.M.B. 5 at pages 121-124; thence departing Big Springs Road, 31.42 feet along the arc of a curve concave to the Southeast with a radius of 20.00 feet and a central angle of $90^{\circ}00'00''$, said curve being the Southerly right-of-way line of Rancho Road and the Northerly line of Parcel B; thence continuing North $77^{\circ}08'54''$ East, 30.00 feet; thence North $12^{\circ}51'06''$ West, 80.00 feet to the Northwesterly right-of-way line of Rancho Road; thence departing said Rancho Road North $12^{\circ}51'06''$ West, 714.79 feet to the BEGINNING of a tangent curve to the left with a radius of 1,550.00 feet; thence 1,125.08 feet along the arc of said curve through a central angle of $41^{\circ}35'19''$; thence North $54^{\circ}26'25''$ West, 35.63 feet; thence North $25^{\circ}08'05''$ West, 5,454.10 feet to the Southeasterly corner of the Northwest quarter of the Southwest quarter of Section 24, Township 43 North, Range 5 West, M.D.M., said corner being the Southeasterly corner of the Sewage Treatment Site; thence South $88^{\circ}25'55''$ West, 32.73 feet along the Southerly line of said Northwest quarter of the Southwest quarter of Section 24; thence South $25^{\circ}08'05''$ East, 5,515.89 feet to the North-easterly right-of-way line of Big Springs Road and the TRUE POINT OF BEGINNING.

EXCEPTING that portion of the above described easement lying within the Montague Irrigation District easement (80 foot wide irrigation ditch easement); and also that portion underlying the Taylor Irrigation Ditch parcel 50 feet wide, as described in Volume 452 of Official Records of Siskiyou County, page 222.

This easement being the same easement described in the deed from Twelve Weed Corporation, to Flying L. Ranch, a General Partnership, recorded in Volume 841 of Official Records of Siskiyou County, page 642, as "That certain existing sewer easement located over the land herein conveyed which is appurtenant to the remaining lands of the grantor."

EXHIBIT "A"

All that property situated in the County of Siskiyou, State of California,
described as:

All existing gravity and force sewer lines, manholes, cleanouts, buildings,
pumps, motors and other related equipments used for sanitary sewer purposes
lying within the Public Campground Parcel and within the 20 foot sanitary
sewer easement leading thereto, as shown on the map filed in the Siskiyou
County Recorder's Office on July 5, 1978 in Record Survey Book 9, page 85,
all lying in Section 11, Township 42 North, Range 5 West, M.D.M.

Together with the right to repair, maintain or replace said facilities

EXHIBIT "A"

Easement for future sewer line 15' in width located northerly of and parallel to the northerly line of lots 170 thru 202 and lot 222 as sown on the map of Unit 1, Lake Shastina Subdivision as recorded in Townmap Book 4 Pages 125 to 130 in the Official Records of Siskiyou County.

Said easement to be more precisely defined at the time of construction of said future sewer lines.

MINUTES OF THE CONTINUED MEETING OF
THE BOARD OF DIRECTORS OF THE
LAKE SHASTINA COMMUNITY SERVICES DISTRICT
(CONTINUED FROM DECEMBER 7, 1979 REGULAR MEETING)

Date: December 18, 1979

This continued meeting of the Board of Directors of the Lake Shastina Community Services District was called to order by President Carter at 7 o'clock p.m., Tuesday, December 18, 1979, at the regular meeting place of the Board, Whispering Winds Lodge, Lake Shastina, California.

A.1. ROLL CALL:

On roll call there were present Directors Carter, Erickson, Miralles and Storey.

Director Applegate was absent.

B.2. MINUTES:

The minutes of the December 7, 1979, regular meeting were unanimously approved by the Board with the following corrections noted: Page 3, Item 4, last line, correct figure: \$139.76 to: \$179.36. Page 4, Item 5., nineteenth line down, delete word: "deeds," and insert: "contract for sewer survey". Page 4, Item 5., twentieth line down: correct spelling of attorney's name to: Rau.

C.3. CLAIMS AND ACCOUNTS PAYABLE:

Following discussion, on motion by Director Storey, seconded by Director Miralles, the Claims and Accounts Payable presented to the Board were unanimously approved by the Board for payment. (Copy attached)

D.4.

REPORTS:

1. Irregularities in Easements & Deeds - Erickson

Director Erickson reported that the discrepancy on Pump B-111, Unit 5-4 noted in Shea's memo of November 15, 1979, has been resolved because Pump B-111 is located within the road easement.

Also, in Unit 9-1, Director Erickson and Nelson Richardson located Pump B-115 and found the control panel for this pump located 4 feet inside the Gregnani property. Siskiyou Title Company has drawn up a deed granting an easement to this control panel and Mr. Gregnani has agreed to sign it.

Director Erickson concluded his report by pointing out that these two items complete the reconciliation of the aforementioned memo.

Director Storey moved that C.S.D. hold each deed until all deeds have been received; then record them all simultaneously. Director Erickson seconded the motion.

AYES, and therefore in favor of, Directors Carter, Erickson, Miralles and Storey.

Nelson Richardson (from audience): Stated he had all deeds with him, including those to be signed by the LSPOA and that LSPOA has received copies of all deeds pertaining to them. Richardson stated there is only one signature on any of the deeds. After the Board studies the deeds, they will then go to various parties for signing.

MR. RICHARDSON GAVE DEEDS TO C.S.D. SECRETARY FOR FILING.

2. Executive Session Re: New Counsel - Carter

President Carter stated no decision was reached at the executive session held on December 7, 1979. Still under consideration.

E.5.

OLD BUSINESS:

1. Personnel Policy - Miralles

Director Miralles reported that Director Applegate and he were working on a Personnel Policy for C.S.D. and would present their suggestions at the next meeting.

2. C.S.D. Directors' Insurance - Storey

Director Storey stated he had gotten some information on the law which covers public servants and will send a letter to Counsel for her advice. Director Storey will report his findings at the next meeting.

3. Grinder Pump Data - Storey

Director Storey stated that the quotation from Circle E given to him by JSC Administrator Charles Smith was much higher than that previously quoted to him direct, so he contacted Mr. Bill Espenshade of Circle E in Sacramento over the telephone who explained the following:
The figure received from Mr. Espenshade was \$600. higher than what was previously quoted. Mr. Espenshade itemized the quotation to explain how it was generated. Mr. Espenshade said that a less expensive control panel could be made up to suit the individual house. The suspension lid (a \$600. item) was the major factor in increasing the price. Director Storey said that after talking to Mr. Espenshade, Circle E is not out of sight and that Circle E seems very eager to do business with us and to service us.

The \$600. cover needs discussion, and Circle E will help us work out a control panel and then guarantee it to us.

Director Storey is to discuss this matter with Tim Morton of maintenance and J.S.C. Administrator Charles Smith and report at a later date.

F.6. NEW BUSINESS:

1. Assumption Agreement - Carter

President Carter referred Board members to their copy of this agreement; then explained to the audience about the \$20,000. Revolving Fund advanced by Mountain Home Properties and how any surplus to come into this fund would be paid back to Mountain Home Properties at the end of the year. This "Assumption Agreement" states that C.S.D. would assume the Joint Services Committee debt to Mountain Home Properties. The debt would be transferred from JSC to C.S.D. President Carter read aloud the C.S.D. cover letter which, by suggestion of C.S.D. Counsel, is to accompany the "Assumption Agreement" directed to the three Property Owner's Associations' presidents. Discussion of this agreement followed.

Director Miralles: What I want to know is what we are going to do with this "Assumption Agreement?" Will this C.S.D. Board act on it before the sewer survey is completed?

President Carter: The LSPOA has asked for three things ---

1. Sewer Survey 2. Assumption Agreement 3. Deeds.

This agreement is one of those 3 things the LSPOA wants satisfied. The LSPOA itself is working on the sewer survey --- we have no control over that. Therefore, we must resolve this "Assumption Agreement" and the Deeds.

Director Miralles: The LSPOA, I feel sure, will object to this "Assumption Agreement" being done before the sewer survey.

Director Erickson: This agreement is only on the \$301,000. What LSPOA wants to know from the sewer survey is the condition of what they are turning over to the C.S.D. They are not looking to sue anybody -- they just want to know what they are turning over to C.S.D.

Director Miralles: The sewer survey that the LSPOA is going to run is going to have something to do with what hook-up charges are going to be?

Nelson Richardson (from audience): The \$300,000. only relates to the pressure system recently installed. It has nothing to do with a reinspection of the gravity system. They will not go underground to inspect the laterals. There is not enough money to do that.

Miralles: Let's go into the "Assumption Agreement."

President Carter: I talked to Bill Floyd this past Sunday night about the contract for Bill Bradbury to do the sewer survey. The contract has not yet been returned from Counsel Ron Rau. Carter suggested to Mr. Floyd that the contract be given to someone else in order to expedite this survey matter.

Director Miralles: We all agree the sooner we can get the sewer system, the better, but I see the survey as a major stumbling block. If we go ahead unilaterally with this "Assumption Agreement" without the POAs approval, we will be in trouble. The JSC is the one that agreed to repay the \$301,000. and I am not certain C.S.D. can accept their liability.

President Carter: Since Counsel Briody is advising us in these matters, and is an expert in C.S.D. work, and since she and Mountain Home Properties' Attorney Vitek prepared this "Assumption Agreement," I believe we can safely assume it is legal.

Director Miralles: I would like to ask another attorney's opinion on this "Assumption Agreement."

Director Storey: It boils down to what we want to do as the C.S.D. Board. Our Counsel has advised us and we should follow that advice. JSC has done their work well, and we can follow their guidelines. I see no reason why this C.S.D. Board could not act.

Director Miralles: If I assume a liability, it is mine. If you come along and accept it, then that is your problem. I am questioning the legality.

President Carter: If C.S.D. does not accept this debt, LSPOA will not turn over the sewer system.

Finally, the North Coast Water Quality Control Board says C.S.D. must accept and run the system.

Director Miralles: I am not so certain this system has not already been paid for by the sale of lots back when the system was installed. The lots were sold for more because of the installation of the sewer system.

President Carter: Are you suggesting, Mr. Miralles, that this debt could be declared null and void?

Director Miralles: I am not so certain it couldn't. Could be done in a poker game.

Nelson Richardson (from audience): An agreement is an agreement. Everyone was griping because the lots wouldn't perk. The POAs through the Joint Services Committee contracted with Garnet Construction to put in the sewer system if Mountain Home Properties would pay for it. The North Coast Water Quality Control Board said they would not continue to renew sewer discharge permits unless a C.S.D. was formed -- it was decided way back to do this. The \$301,127. figure does not include two additional work orders totalling \$7 or \$8,000. because the original JSC agreement made with Mountain Home Properties was not to exceed \$301,127.

Director Miralles: I am sort of playing the "devil's advocate." I throw out these questions and I learn. Looking at this agreement, how much will Mountain Home Properties get back in 60 years?

President Carter: Mr. Lundmark has said he would probably never get paid back because of the area's slow rate of growth.

Director Miralles: This Revolving Fund seems to be predicated on how many people are building on the lots.

Director Storey: Our whole community is suffering from the loss of thousands of dollars because LSPOA has not yet agreed to turning over the sewer system to the C.S.D.

President Carter: (addressing Director Miralles): Is there any other information regarding this "Assumption Agreement" that you need?

Discussion followed in which President Carter explained that at the present time \$768. is the charge for the initial hook-up, but this can change by action of the C.S.D. Board.

The original intent of the Revolving Fund was as follows:

Director Storey: \$268. is for the hook-up. \$500. goes into the Revolving Fund and used to pay for service laterals, etc.

President Carter called for a recess and suggested Director Miralles telephone Director Applegate at his home and get Applegate's opinion on this "Assumption Agreement."

Director Miralles returned and stated: (addressing President Carter): Mr. President, I would like to make a statement. I guess I was asking for a deferrment. If Director Applegate were present, I think he would vote for the Resolution accepting this "Assumption Agreement." I feel if we act on this Resolution as a Board without asking the people their opinion, we will start a counterbalance. If the C.S.D. Board approves this Resolution and Agreement, the POAs may disapprove just because the C.S.D. Board approved. In essence we are saying we are accepting the "Assumption Agreement."

Director Storey: No. The POAs asked this Board to accept this debt. The people know about our meetings, they should be here.

President Carter: POAs wanted legal evidence that if they turned over the sewer system to the C.S.D., that the C.S.D. would assume this debt. Thus C.S.D. must first approve the "Assumption Agreement," then present to the POAs a Resolution so stating. Then that condition of transfer is resolved.

Director Miralles: You have heard one thing and I another. It was not whether we would assume the \$300,000. debt, but rather, if "we" had to -- meaning C.S.D.

Director Miralles feels this vote should be held until a full Board is present.

Nelson Richardson from audience, addressed Director Miralles saying he did not know specifically from whom Mr. Miralles had heard various things but that he had asked Lamar Sayer at a meeting --- what should be done with the \$300,000.? Should it be removed from the people's shoulders to C.S.D.? Mr. Richardson said Mr. Sayer had answered: Yes.

Director Miralles quoted Director Applegate as having said tonight in his telephone conversation that "he was not sure that C.S.D. should assume the debt."

Director Erickson moved the Board adopt this Resolution and label the Resolution # 10-79.

Director Storey seconded the motion.

AYES, and therefore in favor of, Directors Carter, Erickson, and Storey.

NOES, Director Miralles.

ABSENT, Director Applegate.

President Carter stated that the C.S.D. cover letter will go along with copies of the "Assumption Agreement" to the three POA presidents only.

SECRETARY WAS INSTRUCTED TO PREPARE RESOLUTION # 10-79.

2. Director Storey - Official C.S.D. Representative at LSPOA Meeting, December 22

Director Erickson moved that Director Storey officially represent the C.S.D. Board at the LSPOA regular monthly meeting on December 22, 1979..

President Carter seconded the motion.

AYES, and therefore in favor of, Directors Carter, Erickson, Miralles and Storey.