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FILED
11:30 O'Clock, P M

OCT 24 1988

ETHEL BOUTON, Clerk
By Arma Messina
Deputy

4 Attorneys For _____
5 Michael E. J. Mongini Bar #007160

6 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

7 IN AND FOR THE COUNTY OF YAVAPAI

8 In the Matter of the)
9 VERDE DITCH COMPANY) No. 4772
10 GEORGE W. HANCE, et al.,) SPECIAL COMMITTEE
11 Plaintiff,) REPORT
12 vs.)
13 WALES ARNOLD, et al.,)
14 Defendant.)

15
16 Pursuant to appointment of the Court, the Special
17 Committee, through its undersigned member, reports the
18 following areas of concern and recommendations:

- 19 I. The establishment of concise rules and regulations and
20 an administrative review procedure with preliminary
21 suggested analysis on the following areas;
22 A. The establishment of a written water servicing
23 agreement with all water users.
24 B. The establishment of a verification procedure to
25 physically examine water usage along the ditch and
26 compliance with the water servicing agreement.

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C. The issuance of an Order from the Court requiring all water users along the Verde Ditch south of the point of diversion from the Verde River to have a written servicing agreement with the Verde Ditch Company and a further Order setting forth contempt sanctions in the event water users do not comply. (It is the Committee's suggestion this be accomplished through a mailing list obtained from the County Assessor's office, Verde Ditch Company files and the Department of Water Resources.)

D. The establishment of a complaint procedure whereby the Verde Ditch Company shall proceed to collect revenues and/or cease and desist orders for water usage without a written water servicing agreement or inconsistent with the water servicing agreement, rules and regulations of the Verde Ditch Company.

II. Increase revenues for the operation of the Verde Ditch Company through:

A. Better collection activities as set forth in better rules and regulations. (See I. above)

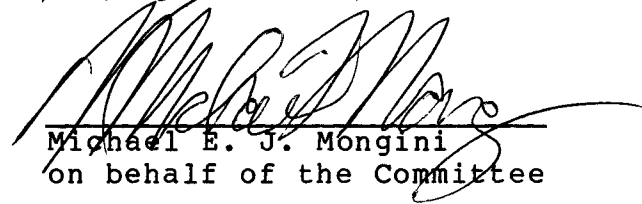
B. The increase in minimum charges was discussed. However the Committee could not reach a resolution whether such increase is necessary at this time.

C. Cash payment for ditch assessments shall be paid. No in-kind payments or work-in-trade allowed.

- 1 D. All Verde Ditch Company checks shall require at
- 2 least two signatures from the commissioners.
- 3 E. Open account arrangements shall be encouraged in
- 4 order to avoid checks being removed from the
- 5 company checkbook in blank form.
- 6 III. The Committee desires to examine a financial statement
- 7 of the Verde Ditch Company with its actual expenses and
- 8 revenues for the previously prepared budget period,
- 9 April 30, 1988 to September 30, 1988.
- 10 A. The Committee desires to examine the accuracy and
- 11 predictability of the Verde Ditch Company
- 12 operations.
- 13 B. The Committee further requests specific itemized
- 14 list of expenditures during the period April 30
- 15 and September 30, 1988.
- 16 IV. The Committee previously requested a status report of
- 17 pending litigation and the goals of the commissioners.
- 18 The Committee in this report requests the commissioners
- 19 prepare a summary of the status of pending litigation,
- 20 as they see it, and the goals of the commissioners for
- 21 the year commencing September 30, 1988.
- 22 V. The Committee views as a goal the creation of a non-
- 23 profit Arizona corporation to operate the Verde Ditch
- 24 some time in early 1991. The Committee feels the
- 25 Court's continued involvement is necessary until an
- 26 organizational structure, Bylaws and rules and

1 regulations can be established for effective and
2 accountable operation of the Verde Ditch. It is the
3 Committee's belief that future Orders of the Court will
4 be necessary to evolve the Verde Ditch into an
5 effective and accountable organizational structure.

6 DATED this 21st day of October, 1988.

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8 
9 Michael E. J. Mongini
on behalf of the Committee

10 Copy of the foregoing
11 mailed this 21st day
of Oct, 1988, to:

12 The Hon. Richard Anderson
13 Yavapai County Superior Court, Div. I
14 Yavapai County Courthouse
15 Prescott, AZ 86301

16 Clerk of the Court
17 Yavapai County Superior Court
18 Courthouse
19 Prescott, AZ 86301

20 Richard Mabery
21 113 E. Gurley
22 Prescott, AZ 86301

23 Ms. Bobbye Sell

24 Ms. Sandra Halma

25
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