

SILVER SPRINGS MUTUAL WATER COMPANY

ANNUAL MEMBERSHIP

MEETING MINUTES

MARCH 20, 2014

President Peek called the Annual Membership Meeting to order at 4:00 p.m. at 2485 Ft. Churchill St., Silver Springs, NV.

Roll Call:

- Present: Claud Butler, Darlene Geurts, Joyce Jenkins, Scott Keller, Avis Moniz, George Peek and Peggy Yon.
- Absent: None.

Member's Comments: ALL MEMBERS COMMENTS WILL BE GIVEN FROM THE PODIUM ONCE RECOGNIZED BY PRESIDING OFFICER. On any item **not on this Agenda** and pertinent to SSMWC Board of Directors will be received during this member comments portion of the meeting. Please start by stating your name. Comments are limited to three (3) minutes per person. No discussion or action will be taken on any item unless it is properly placed on the agenda.

- The Board of Directors and General Manager Roy McDonald introduced themselves to the large audience gathered at the old firehouse building. Comments were heard and questions were answered by the Board of Directors. Attorney Chuck Zumpft from the law firm of Brooke Shaw & Zumpft acted as legal counsel to the Corporation and was introduced by President Peek. He noted how proud he was, as are all the Directors, of the staff that we have led by Roy "Mac" McDonald and in getting certain things that weren't in order, into order. Furthermore, keeping everything else in order, with the main thing providing water service to the members, concluding with "certainly there is always that possibility that something goes awry and only a temporary disruption". President Peek named Carol Ann Lovell, Matt Martensen and Mat Gleason "not to be confused with Mac out in the field and Wendy Weaver and Kathleen Sullivan in the office who probably most of you know. They do a great job". President Peek invited member comments on items not on the agenda and for members to please speak from the podium. A polite request for cell phones to be turned off or placed on mute so as to not disturb the meeting was made.
- President Peek (presiding Officer) asked who would like to be the first member to speak and to please introduce themselves. Valerie Messaros approached the podium, introducing herself to those gathered. She began her comments with a question about the expansion of the service area that was listed later in the agenda. "SSMWC received three, no six written requests from property owners, I want to know who those property owners are?" To answer, President Peek noted that he believed he was not clear enough earlier, to let her know this was an agenda item, and since it was clearly listed on the agenda, it would be answered when the item was up for discussion. She asked him if there would be open discussion at that time, to which he indicated "certainly". Another question was that she wondered about Mr. Zumpft, and who he worked for; "does he work for the mutual water company member... ship?" Mr. Zumpft personally responded to this question, noting he worked "for the company" Ms. Messaros commented that the membership pays the salary of Mr. Zumpft for the record. President Peek thanked her and asked if there were any other comments.
- John Chiappone introduced himself and began by stating he won't speak to anything in relation to the agenda. He noted he was concerned about Silver Springs, "we're in trouble and there are a lot of things going on in this town that needs to be done and it isn't getting done; for some reason we're at the bottom of the... list." Further adding, "We need more responsibility for the people and more people wanting to help and more people willing to do things, but the gossip that's going around with the water company its... I'm confused... I don't know what to do, I pay my water bill, I water my lawn, I mind my own business". He added, "but there's too much gossip going on and we need more people with more ethics and more responsibility, and less people putting money in their pocket that should be here to help Silver Springs... we're going to lose Silver Springs, it's going to end up being a ghost town". "When the Peeks Family developed it, it was supposed to be for senior living when I moved out here, it was a beautiful community twenty years ago and I loved it, and I still think it is the best town in Nevada." He ended his comments with "I'm happy to live here despite the problems that we have and I wish something would be done, starting with the water company, get people together, get things going, so we make people happy". President Peek thanked him and asked if there were any other comments.
- Ray Johnson began by commenting that, "I guess I've fallen out of date... when did they change the policy... I thought you had one vote for each property that you owned in the district... that you paid a property tax bill... that's the way it used to be at one time, when did that change?" President Peek answered by saying he believed it changed in the late 80's, when the attorney general sued the Silver Springs water company for what it was doing, which was multiple votes based on ownership. Mr. Johnson indicated, "I understand... I understand that" adding "you say 1980's?" President Peek responded "in the 80's somewhere, I don't recall exactly". Mr. Johnson concluded, "Okay, thank you" to which President Peek said he could provide a longer history on it at a later time and Mr. Johnson replied that wasn't necessary.
- President Peek reiterated comments were restricted to items not appearing on the agenda. Jackie Picciani introduced herself as a 30 plus year resident and noted water as a very precious resource that should be used judiciously. She wondered, "at this point in time, how secure is our water?" "What is water righted to the company?" "What portion of that is actually to be distributed within this hydro-geographic basin i.e. Churchill Valley?" "You may not have that answer, that's fine, but I would like to know what that is as far as water righted and then what that means as far as actual quantity because

the water rights mean nothing if the resource isn't there." President Peek thanked her very much for her questions, replying that this information could be obtained from the office and, to the best of his knowledge and with the exception of a maybe water truck going out, all the water is used within the Basin 102. Ms. Picciani thanked the Board.

- President Peek asked for any more comments or questions for items not on the agenda and hearing none, he directed the meeting to the next item appearing on the agenda.

Introduction of Nominees: Each nominee will have two (2) minutes to introduce themselves. Two (2) Directors seats are up for election. Nomination for the two director seats were open October 1, 2013 and closed December 31, 2013 as stated in the By-Laws. Five (5) nominations for two vacancies were received and listed in the order they filed: Avis "Puff" Moniz, Joyce Jenkins, Chuck Noble, Doug Frenton and Valerie Messaros. Each of the nominees introduced themselves.

Placing of Ballot Box & Voting for Directors: Voting will start after placing of ballot box and will end at approximately 4:45 p.m.

- President Peek indicated at this time he would like to have the ballot box opened up and placed, pointing out the location where voted ballots were to be deposited. President Peek indicated that "the ballot box is open at this time and everyone will have half an hour to vote". He announced when voting closes at 4:45 p.m. and that perhaps the meeting may be over by then, the employees Wendy Weaver and Kathleen Sullivan will be assisted by Attorney Chuck Zumpft and a member volunteer (first to raise their hand up) will get to help with counting of the ballots. Then, when the ballots are counted, the numbers will be brought in here and announced and we won't be four hours this year.

Secretary's Report, Action May be Taken:

- Approval of March 21, 2013 Annual Membership Meeting Minutes. Member Action to be taken. President Peek called for a motion to approve the March 21, 2013 Annual Membership Meeting Minutes. A motion was made to allow time to read the minutes; 2nd to the motion was made. Motion carried. A motion was made to approve the membership meeting minutes of March 21, 2013; 2nd to the motion was made. Lengthy discussion was held regarding content; attempts to amend the motion on the floor were made but died upon withdrawal of the original motion as passed by a majority vote. Passionate debate ensued regarding content; perceived or real omissions, what was in the minutes and what was not in the minutes, specific comments made by "particular" members that were not contained in the minutes, inaccuracies and/or events that did or did not transpire, etc. Noted was that meeting minutes are not "word for word", (i.e. transcription of every utterance as in a court setting) but rather a snapshot of a meeting. Final consensus of members was to allow 30 days to submit written comments of suggested changes; therefore, no formal action was taken. A motion was made to make available the audio recording of the March 21, 2013 meeting to all members so that they may review what occurred at that meeting; 2nd to the motion was made. Proper procedure for agendized items was discussed. This motion died as it was not agendized. President Peek suggested that an appointment be set with the office to listen to the minutes and that an agenda item request form be completed. A member made note that the people who are complaining need to come up from the back of the room and speak to the membership from the podium.
- Approval of January 16, 2014 Director's Board Meeting Minutes. Board Action to be taken. Contained in the Board of Directors Annual Meeting Minutes for March 20, 2014.

Treasurer's Report: Yearly Audit Report, Action May be Taken:

- Contained in the Directors Annual Meeting Minutes.

Discussion of Article XI, Rules, Regulations and Tariffs: Over the past year the By-Laws & Rules and Regulations Committee has reviewed both and find a need to update the Rules and Regulations. A reason for the update is that the laws and regulations of the state and county have been changed in ways that make a lot of our Rules & Regulations on subdivisions and water line extensions out of our jurisdiction to be handled by county & state. Also, the SSMWC Fee Schedule needs to be reviewed and updated.

- President Peek noted update to the rules and regulations were under consideration with the assistance of Attorney Zumpft. This has not occurred for a good period of time and will be addressed at regular Board meetings; President Peek encouraged the membership to attend and provide input, noting displeasure with present contentions. President Peek asked Ms. Messaros if she had anything on this particular agenda item. Ms. Messaros replied, "It may be that you just misspoke, but you said Article nine and this is written Article eleven". President Peek answered, "I apologize, its Article eleven... I got dyslexic, yes, thank you".

Discussion of Article XI, Rules, Expansion of Service Area: We have received written requests from property owners to be in our service area. The properties are in an area that SSMWC has water lines already available.

- A map was provided with the agenda and General Manager McDonald presented this agenda item. This began in the midst of evaluations being conducted for the United States Department of Agriculture (USDA) improvement project. General Manager McDonald identified a problem with the current service area; the North Tank in proximity to the intersection of Hwy. 50 & 95A was not located within the established service area, so a process was started to get it properly included. During this process, other property owners directly below the North Tank, between the service area boundary and the North Tank, were contacted and asked if they would like to be included in the proposal. They responded positively. Parcel owners include ERGS, Western Feed Supplement, Roman Catholic Church, JSquared Investments LLC and Rogelio and Carmen

Garcia. Elements required by the Public Utilities Commission (PUC) include water located in close proximity to affected parcels and property owner's direct request. Owners would bear their own connection costs. Silver Springs Mutual Water Company does not pay for the expansion of water mains. Questions from Valerie Messaros were answered by General Manager McDonald to include the difference between number of owners and number of parcels owned per owner. Further, another parcel located along Hwy. 50 was identified to be split, half inside the service area and half outside the service area. This delineation was created years ago, prior to his employment. General Manager McDonald explained that a parcel in its entirety is either inside the service area or designated as outside the service area, "you cannot put half a parcel in a service area, it's either in or out". The PUC directed General Manager McDonald to include this parcel in the request after they were called to see how we should proceed with this oversight. General Manager McDonald answered a question about water service to this parcel in that if a connection is provided to the front of it and once the water is there the owner could conceivably run a water line to the back of the parcel which is outside the service area. Valerie Messaros raised two questions: 1) she didn't see water already being delivered there and 2) who pays for the water line. General Manager McDonald answered her inquiries. Ms. Messaros requested parcel numbers of General Manager McDonald who indicated a copy could be provided. General Manager McDonald requested that the Board direct him to continue on to the PUC. Secretary Butler made a motion to continue on to the PUC with affected parcels as shown by shaded areas on the map; 2nd to the motion was made by Member Geurts. President Peek called for further discussion, pausing to allow ample opportunity for further comment and there being none, motion carried

New Business:

- Contained in the Directors Annual Meeting Minutes.

Election of Directors: According to By-Laws Article V, section 2, paragraph 2, at each Annual Meeting, Directors shall be elected by the members of the corporation. The nomination for Board of Directors will be accepted from members of SSMWC between October 1st and December 31st of the year preceding the election. The names of nominees will be posted online at silverspringsmwmc.com with a short biography from each. Balloting for candidates will be held at the Annual Membership Meeting in March of the following year. For purposes of Board election, cumulative voting shall not be allowed.

- President Peek reviewed the election procedures and made note that there is really no great, good, wonderful time to conduct the annual meetings. What is convenient for some is not convenient for others. The Board diligently considered and discussed this matter.

Adjournment:

- Secretary Butler made a motion to adjourn the meeting. Election results were almost ready. President Peek allowed comments from the audience while everyone waited for the election results to be announced. 2nd to the motion to adjourn the Annual Meeting was made by Treasurer Moniz. Motion carried. The next meeting is to be held at 4:00 p.m. on Thursday, May 15, 2014 at the SSMWC Office.

Election Results announced After Meeting Adjournment:

- There are two (2) Director seats up for election. Avis (Puff) Moniz, Joyce Jenkins, Chuck Noble, Doug Frenton and Valerie Messaros were previously nominated. Each of the five (5) nominees spoke to the membership prior to the placing of the ballot box. Vote count observers Don Alt, Chuck Zumpft and Mary Lancaster monitored and verified the ballots and number of votes cast by the membership. *Election results were:

Joyce Jenkins	83	Valerie Messaros	44	Chuck Noble	24
Avis "Puff" Moniz	76	Doug Frenton	41		

* There were 1,503 members eligible for the 2014 vote; voting eligibility is not the same thing as 10% member quorum. Example #1: Husband/Wife own one property therefore entitled to one vote but both persons attend meeting. Example #2: Proxy submitted for one property but owned by multiple persons or multiple owners of one entity. 58 members signed in through the screening area and attended in person. A minimum of 93 members were represented via proxy. A minimum of 151 members constituted a quorum of the membership (150.3%). 93 proxy ballots and 48 non-proxy ballots were distributed. There were seven ballots marked for one nominee only and 134 ballots marked for two nominees. There were 141 ballots distributed. No ballots were invalidated (marked for more than two nominees).

"Silver Springs Mutual Water Company is an Equal Opportunity Provider and Employer."

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