

**SILVER SPRINGS MUTUAL WATER COMPANY
BOARD OF DIRECTORS
MEETING MINUTES
JULY 17, 2014**

President Peek called the meeting to order at 4:00 p.m.

Roll Call:

- Present: Claud Butler, Darlene Geurts, Joyce Jenkins, Scott Keller, Avis Moniz and George Peek.
- Absent: Excused was Peggy Yon.

Members Comments:

- 2 attended: Carmen Casillas and Stephanie Wozniak. There were no comments.

Secretary's Report:

- Secretary Butler made a motion to accept the Board of Directors Meeting Minutes of May 15, 2014 as presented; 2nd to the motion was made by Treasurer Moniz. Secretary Butler asked if there were any questions and there being none raised, motion carried unanimously.
- Secretary Butler made a motion to accept the amended Annual Membership Meeting Minutes of March 21, 2013; 2nd to the motion was made by Member Keller. Discussion included the additional 30 day period of opportunity for members to review the minutes and make comment (one member's comments were received). Motion carried with full approval.

Treasurer's Report:

- The financials for April and May, 2014 were read by Treasurer Moniz. In April, total current assets were \$594,800.41 and total liabilities and equity were \$5,959,901.53 with liabilities at \$1,082,408.95. Total income for April was \$59,950.73; net income was (\$32,213.31). President Peek called for questions. In May, there were \$613,468.35 in total current assets and total liabilities and equity were \$5,961,593.34. Liabilities were \$1,091,571.11. Income was \$71,162.81 with net income at (\$7,470.35). Total ending balance for certificates of deposit (CD's) was \$283,787.49 as of May 31, 2014. The debt reserve ending balance was \$70,300.22. President Peek called for questions. Secretary Butler made a motion to accept the financials for April and May, 2014 as presented and file for audit; 2nd to the motion was made by Member Jenkins. Motion carried unanimously.
- Treasurer Moniz read a letter that was addressed to the Board of Directors from General Manager McDonald regarding the subject matter PUC Intervention by SSCWPA.

“As you all know in May, 2014, The Silver Springs Community Water Protective Association filed an intervention with the PUC saying that the construction of the 1 million gallon tank to be placed next to the north tank would have an environmental impact on the area. This action not only delayed the start of the project by two months but may result in costly change orders to our USDA project due to weather related contractor delays. To date the cost to the SSMWC members for Attorney and Engineering Fees to respond to this intervention is \$39,500.00. This amount does not include numerous hours of staff time related to this matter. I feel the action taken by this group was nothing more than a way to try and bash the Board and point out that there was a water rights agreement between SSMWC and ERGS, Inc. back in 1997, which has nothing to do with the granting of the PUC Environmental Permit. We now have the PUC permit in hand and are moving forward. Unfortunately, the \$39,500.00 has caused us to go over budget on what was to be a breakeven year. Due to the Silver Springs Community Water Protective Associations action it will be hard to make up. Later on in the year I will be asking to move money out of savings as needed to make up the short fall.”

Manager's Report:

- A great deal of my time was dedicated to the intervention response, attending meetings with lawyers and engineers. Staff has done an outstanding job working on projects and keeping us on track. The office staff has particularly borne the brunt on the front lines; the vindictiveness has got to stop. Customers are being misled and get up in arms and come into the office. Members of that association are coming in nit-picking and trying to find things and it just doesn't need to be that way. If they wanted to talk they could make an appointment and talk, they could agendaize items, bring

them to the Board, they do not want to do that. Bashing and harassing personnel is unacceptable and those that continue will be asked to leave if they are out of line. Full Board authority was granted to the General Manager.

- We are working on phase two of the meter/register replacement program. We have purchased 100 new registers with money from the meter fund and are in the process of change outs with a dozen left to install. The meter fund will build again to work towards phase three.
- The contractor has begun moving equipment to project sites. Demolition at the Deodar site is scheduled to commence August 1st and should have begun in June... but the intervention delayed the project. The PUC granted the UEPA (environmental) permit so that construction could proceed and we can now move forward.
- We've been as proactive as possible with weeding using a pre-emergence treatment, especially beneath the solar panels. Arsenal is applied in granular form and wetted; it has a three year protection life and has proven to work well with past experience. At other locations we have resorted to spraying, scraping, dragging and chopping weeds due to considerations including proximity to wellheads along with financial limitations. Pre-emergence treatments are costly, but next spring we hope to be able to purchase more. Weeding has been done twice in some locations (labor costs).
- At Idaho we have re-plumbed the discharge to waste to prevent freezing and cleaned out the catch pond of all the cattails and touched up the well house paint. Ponds at the other sites have been cleaned and are looking great.
- We began our Valve Exercise Program and came across a valve that was closed and upon attempting to open it the valve began to leak badly and had to be replaced. Upon excavation, it was apparent the failure was due to a crack in the bonnet which made it clear why it had been closed. We know there are more valves out there like this one so we will do our best to repair and replace with the least amount of impact to customers. This valve is located in close proximity to the planned water system improvements (line looping) area. Valve exercising is an essential part of maintaining a healthy water system.
- It would appear that the SOFTtelPay program is costing the customers who use it roughly 5%. Charges for using credit cards to pay bills or purchase things like gasoline are pretty much an industry standard anymore. SOFTtelPay fees are retained by the service provider, not the water company.
- Recently installed was a brand new ¾" service on Citrus Street and repaired were eight services over the last two months.
- Contracts awarding the bid to Resource Development Company have been signed for \$1,093,610.00 and there is \$198,282.00 in contingency funds that will be used on alternates one and four, hopefully.

Directors Comments:

- Consensus was complete as to the waste of ratepayer funds resulting from the SSCWPA intervention. Significant losses were incurred as a result of that intervention filing. Each Director spoke to this topic. The President for this local group filed the intervention on behalf of its members. It was noted that if there were true concerns they should have been handled in a different manner, speaking in direct response to the letter read earlier in the agenda. Also was that some of the group's members sat in on three previous SSMWC Board meetings where the subject project was being considered and not one question was ever brought to the General Manager or to the Board. It always costs money when projects are delayed. President Peek opened discussion from the standpoint of how SSMWC wants to handle a response, if any. It was very appropriate to have a dollar figure to shed some light on the additional costs. The \$39,500.00 that was lost was equivalent to \$40.00 per customer if there were 1,000 customer bills. It is significant, it is not known why the SSCWPA exists or what they are trying to get at i.e. the total goal. It was cautioned that the more you stir something the more it stinks. The Board encourages people to come ascertain some of the truth about what is being said. The Board needs to communicate to the members and let them know just how much this group is costing them. The Board still receives questions about the misconception that SSMWC will take over and cap private wells through misinformation and fear based activities. A strong opinion of "destructive" was noted. An audio recording available at <http://pucweb1.state.nv.us/puc2/CommissionInfo.aspx> (begins at 4 minutes and 55 seconds and then again at 34 minutes and 6 seconds) is available to the public as are all of the proceeding documents. In many cases, when people are in the dark or sitting on the fence or unwilling to participate in hostilities, simple and truthful communication works well.

Closed Personnel Session:

- None held.

Adjournment:

- Treasurer Moniz made a motion to adjourn the meeting; 2nd to the motion was made by Secretary Butler. Motion carried. The meeting was adjourned at 4:35 p.m. and the next meeting is scheduled for 4:00 p.m. on Thursday, September 18, 2014.

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

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at <http://www.ascr.usda.gov/complaint.filing.cust.html>, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U. S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, DC 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.