

**SILVER SPRINGS MUTUAL WATER COMPANY
BOARD OF DIRECTORS
MEETING MINUTES
NOVEMBER 20, 2014**

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

Roll Call:

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

Members Comments:

- Edward and Wanda Ellis introduced themselves to those gathered.

Secretary's Report:

- Treasurer Moniz made a motion to accept the Board of Directors Meeting Minutes of September 18, 2014; 2nd to the motion was made by Member Jenkins. Motion carried. The March 20, 2014 Annual Membership Meeting Minutes were open to member's comments from September 15, 2014 to October 15, 2014. Revisions were made to the draft copy of these minutes; one member's comment was received. Treasurer Moniz made a motion to accept the Annual Membership Meeting Minutes of March 20, 2014 as presented; 2nd to the motion was made by Member Jenkins. Motion carried.

Treasurer's Report:

- The financials for August and September, 2014 were read by Treasurer Moniz. In August, total current assets were \$659,962.06 with liabilities at \$1,465,965.58. Total liabilities and equity were \$5,962,140.85. Total income for August was \$76,428.46; net income was (\$326,469.39). President Peek noted the negative figure is not operating loss. General Manager McDonald explained it is money paid out to the contractors on the USDA grant and reimbursed through USDA because SSMWC writes the checks to the contractors so net income shows as a negative because there isn't revenue on the other end of it yet. It is also listed under other expenses (grant expenses). President Peek emphasized the importance of this concept being understood. In September, there was \$671,533.86 in total current assets with liabilities at \$1,873,336.60. Total liabilities and equity were \$5,959,344.26. Income was \$64,486.92 with net income at (\$410,167.61) because of a new contractor pay request that was paid. President Peek called for questions. Secretary Butler made a motion to accept the financials for August and September, 2014 as presented and file for audit; 2nd to the motion was made by Treasurer Moniz. There being no further discussion, motion carried. Total ending balance as of August 31, 2014 for three certificates of deposit (CD's) was \$354,658.26 with two of them nearing maturity; better interest rates are being sought. As of September 30, 2014 total ending balance for CD's was \$354,844.61 with the debt reserve CD at \$70,534.40 of that total. General Manager McDonald indicated that the short lived assets (SLA) CD is required by USDA; the debt reserve CD is restricted by USDA.

Update of Rules & Regulations, Action May be Taken:

- At the Annual Membership Meeting it was discussed that the Rules & Regulations were being updated by the committee. The Rules & Regulations were open to member's comments from September 15, 2014 and ended October 15, 2014 at 3:00 p.m. One member submitted comment. At this time, the committee recommends the adoption of the updated Rules & Regulations. President Peek called for a motion, comment and/or discussion. It was noted the document was reviewed by legal counsel. Secretary Butler made a motion to adopt the Rules & Regulations as presented; 2nd to the motion was made by Treasurer Moniz. Motion carried.

Fee Schedule Affirmation, Action May be Taken:

- On October 1, 2014 a scheduled rate increase went into effect. One additional increase occurs October, 2016. Staff has updated the fee schedule to reflect revised rates, adding vacation/vacancy fees as set forth in the newly adopted Rules & Regulations (1.40.130). Treasurer Moniz commented that the vacation/vacancy fee was from a member's suggestion. General Manager McDonald explained there is an expense to SSMWC whether or not meters are turned on or turned off; all meters are read monthly.. The five dollar fee is for properties with a meter but not using water (turned off). Treasurer Moniz made a motion to affirm the revised Fee Schedule as presented; 2nd to the motion was made by Secretary Butler. There being no further discussion, motion carried.

Review of Proposed Budget for 2015, Action May be Taken:

- General Manager McDonald presented the proposed 2015 budget to the membership present and the Board of Directors that shows a 5% increase over 2014. Between 2013 and 2014 there was a 2% increase in budget. Costs experienced during 2014 required a 5% budget increase for 2015 together with the addition of one staff member to 2015. Noted were reductions in bank fees of \$1000.00 monthly. Significant in the 2015 budget is a new separate line item for payroll taxes (paid by employees and SSMWC) in the amount of \$22,183.00. The line item for property taxes has been reduced by a large margin from 2014 at \$30,000.00 to just \$1,500.00. General Manager McDonald applied for and received a property tax exemption for SSMWC based upon non-profit status. The 2015 figure is for tax assessments that cannot be reduced. Engineering is reduced by \$4,000.00 over last year. Accounting fees will increase by \$2,000.00. \$8,000.00 in energy cost savings will be attained from the solar array. Discussion followed. Liability insurance will remain equal. Some employees will see an increase in wage. One new hire is expected to begin on or about February 1, 2015. Further discussion was held; General Manager McDonald answered questions. The former \$880,000.00 USDA loan at 5.25% interest was refinanced at 2.25% interest, attaining 1.3 million in infrastructure improvements, paying off the office building with just an increase of \$2,000.00 on the monthly payment. General Manager McDonald was commended for his diligence and foresight. Treasurer Moniz made a motion to approve the 2015 budget as presented; 2nd to the motion was made by Secretary Butler. There being no additional discussion, motion carried.

Directors Comments:

- Noted was a nasty letter received in the payment drop box.
- Three nominations for two Directors have been received, to date.

Closed Personnel Session:

- A brief period of closed personnel was held.

Adjournment:

- Member Jenkins made a motion to adjourn the meeting; 2nd to the motion was made by Secretary Butler. Motion carried. The next Board of Directors meeting is scheduled for 4:00 p.m. on Thursday, January 15, 2015.

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