



MEMBERSHIP MEETING MINUTES MARCH 15, 2018

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

Roll Call:

- Present: Joyce Jenkins, Scott Keller, Avis Moniz, Charles Noble, George Peek and Peggy Yon.
- Absent: Claud Butler.

Member's Comments:

- Philip Hosking, Martin Reeves, Mary Lou Lancaster, Jacqueline Bandli, Cheryl Gleason, Michael Cammarata, Randall Green, Spyglass Properties LLC, Todd Mittelsteadt, Marlene Rask, Ray Johnson, Quail Run Spring LLC and Greg Peek attended the meeting. Mr. Green commented he is happy with his water and it is of good quality. President Peek commented that the water company has an obligation under the Public Utilities Commission to service customers within our service territory. There are a lot of very strong feelings concerning growth, etc. and SSMWC does not participate in those particular discussions. If you are in our service area, we say we will serve you and if you're subdividing, the State Engineer will say whether he's going to allow it, or not allow it. That is not our issue. Ours is a Certificate of Public Convenience (CPC) which says we are obligated to serve our customers. We have a very good company and an outstanding staff. President Peek presented two awards given by the Nevada Rural Water Association. General Manager Matthew Martensen received Recognition for Excellence as Manager of the Year for 2018. Field Technician Corry Chamberlin also received Recognition for Excellence as New Operator of the Year for 2018. Both men were congratulated by the Board of Directors.

Introduction of Nominees:

- Two nominations were received for two open positions. Claud Butler was not present due to illness. Charles Noble spoke of his past volunteer work at the Senior Center preparing taxes, has lived in Silver Springs for about ten years and does what he can to give back to the community, for example, sitting on this Board. Ray Johnson spoke to Claud Butler's ability to serve on the Board, adding that he asks the question because "at the last election, last year or the year before, we had someone elected who was not able to serve on the Board." President Peek noted Mr. Butler had accepted the nomination and his ability to serve does need examination. Member Yon added that the last person as referenced by Mr. Johnson had died, nobody knew she wasn't going to live, and that things in life happen. Mr. Johnson asked if a special election would be held if it was determined Mr. Butler is unable to serve on the Board. According to the by-laws mid-term replacements are made by appointment. President Peek explained for everyone's edification, Mr. Butler has participated by telephone in every meeting and thanked Mr. Johnson for his question.

Placing of Ballot Box & Voting for Directors:

- From October 1, 2017 to December 31, 2017 two nominations for two open positions were received. Vice President Keller made a motion to elect Claud Butler and Charles Noble by acclamation; 2nd to the motion was made by Member Yon. There was no discussion; motion carried by acclamation.

Secretary's Report:

- Members of the Board (Noble, Moniz & Keller) presented the Secretary's Report by each reading aloud sections of the minutes of January 18, 2018. Member Noble made a motion to approve the meeting minutes of January 18, 2018 as presented; 2nd to the motion was made by Member Yon. Motion carried. President Peek explained that there is a lot of information online at www.silverspringsmwc.com pertaining to copies of the minutes and annual financials.

Treasurer's Report:

Treasurer Moniz introduced Beth Kohn-Cole, CPA & CGMA of Kohn & Company, LLP who conducted the independent annual audit of financials for the year ending December 31, 2017 according to governmental entity standards. Because SSMWC receives federal money, government auditing standards must be followed. Mrs. Kohn-Cole thanked SSMWC Accounting Technician Kathleen Sullivan-Hennessey for an extremely clean audit and added she does an amazing job for the water company. The audit opinion was clean, performed according to generally accepted practices with no audit findings. A review of operations for 2017 was presented. Current assets were approximately one million dollars. Property, plant, equipment (and infrastructure) were approximately 6.8 million. Restricted cash and assets were approximately \$400,000.00. Liabilities amounted to approximately

\$500,000.00 with the largest portion of that number being the Stonehouse Drilling project at the Deodar Well site. Long term debt was approximately two million dollars. Net assets increased from 5.2 million dollars to 5.8 million dollars as a result of the well improvement project. Revenue and expenses ended with a net income of approximately \$160,000.00 and that is before the contribution from grant revenue. The auditor opened for questions and indicated a full copy of the audit is available to members at the water company office. President Peek mentioned he was very pleased that SSMWC earns an unqualified opinion (annually) and that it's good to know that funds and assets are being handled properly. Randall Green asked if SSMWC was doing well as a whole. The response was the financial position is good but last year there were some losses due to legal fees and other costs; however, this year an improved financial position is realized. Cash is being set aside for depreciation to replace items as they need to be replaced. Member Noble made a motion to accept the 2017 Annual Audit; 2nd to the motion was made by Treasurer Moniz. There being no further question, comment or discussion, motion carried unanimously.

Manager's Report:

- General Manager Martensen thanked everyone for attending and also staff for the award he earned as it would not be possible without all of them, adding that "it takes a great team to make it all work". There is one new Equal Pay Program customer who saw high summer usage and opted to have their water bill spread out over the course of the year. Due to the current financial position, rate increases are not being considered at this point. There hasn't been anything negatively impacting finances this past year. GM Martensen related our primary job is to provide a service, and that service is quality water. He sees sometimes people complaining about bad water, but upon investigation the claims have no merit. He has not had one bad water complaint substantiated yet. He implored members to be the eyes and ears in the community and invited them to approach him personally at any time with concerns or issues for him to address. The Deodar Well was aged 62 years and was replaced in a preventative manner rather than waiting for it to fail. The funding obtained for the project was principal forgiveness money, meaning it was at no cost to the members. Three wells are currently supplying the system. The federal maximum contaminate level for arsenic is ten parts per billion (PPB) and currently, routine testing is coming in at 11 PPB, therefore, all wells are being run through the Arsenic Treatment Plant which removes the substance from the water supply. The new Deodar Well is 360' deep, state of the art; entirely stainless steel cased (down tube equipment) and will last beyond 100 years. The project came in under-budget and one month ahead of schedule, all due to the team we had in place. Members were again encouraged to come to his office with any questions, concerns or issues. Ray Johnson asked where the legal fee fund stands. Five thousand per month is placed into the fund which began in January, 2017. It adds up to \$60,000.00 a year. Once fully funded, then the fees will go to replacing capital improvement money spent to defend against mischief and baseless claims brought before the PUC and later appealed at District Court, to which SSMWC prevailed in all contests. There is \$75,000.00 in the legal fund to date and is to be funded to \$200,000.00 which leaves a remainder of \$125,000.00 to meet the legal fund's policy. At that point, legal fees collected will replace the loss to capital improvement funding, per the policy.

Review and possible change to Operating Rules and Regulations, Chapter 1.24 Subdivisions, Mobile Home and RV Parks Section 1.24.070 Water Rights:

- Project Coordinator Roy McDonald gave an overview of recent activity that called for further examination of this Chapter and Section of the Operating Rules and Regulations. Further research is needed; Mr. McDonald recommended committee review. Committee formed to review policies and industry standards. Member Noble and Vice-President Keller were appointed to serve on the committee. Martin Reeves indicated willingness to bring information and concerns to committee.

Determination of Election of Directors:

- Directors were elected by acclamation of those present.

Adjournment:

- Adjourned at 4:47 p.m.

"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.