

**SILVER SPRINGS MUTUAL WATER COMPANY
BOARD OF DIRECTORS
MEETING MINUTES
MAY 16, 2013**

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

Roll Call:

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

Officers Report:

- The Officers Report was deferred to unfold as discussion and comment throughout the agenda.

Members Comments:

- Marjorie Hopkins and Charles Noble participated in the meeting. Comments included vacation disconnect procedures, meter management, water loss, the recent election of directors at the annual meeting as it pertained to board positions that individuals were campaigning for and the public venue of the meeting. Board Officers are determined by the Board of Directors who are elected by the membership per the bylaws. General Manager McDonald noted that website development is underway.

Secretary Report:

- Vice President Yon asked if the Board had reviewed the Directors Annual Meeting Minutes of March 21, 2013. There being no corrections or revisions, Treasurer Moniz made a motion to accept the Directors Annual Meeting Minutes of March 21, 2013 as presented; 2nd to the motion was made by Member Geurts. Motion carried.

Treasurer Report:

- The financials for January, February and March, 2013 were read by Treasurer Moniz. In January, total current assets were \$741,448.26 and total assets were \$5,738,284.13. Liabilities were \$899,663.16. Total income for January was \$45,399.71; net income was (\$17,230.67). In February, there were \$751,377.93 in total current assets and total assets were \$5,739,741.82. Liabilities were \$912,758.66; income was \$52,135.61 and net income was (\$11,042.56). There were \$718,319.12 in total current assets with total assets of \$5,716,007.77 in March. Liabilities were \$894,928.08 and total income for March was \$51,137.20 with net income of (\$23,855.59). Vice President Yon called for questions. General Manager McDonald noted depreciation figures and approximately \$18,000.00 of expended funds yet to be reimbursed by the USDA for engineering and attorney fees. Approximately \$3,000.00 in mailing costs (for the annual meeting and member certificates, not to include staff time) all greatly impacted net income. Member Geurts made a motion to accept the financials for January, February and March, 2013 as presented; 2nd to the motion was made by Treasurer Moniz. Motion carried.

Manager Report:

- Equal Pay Program:
Since our last meeting in October we have had three (3) additional enrollments and one (1) customer drop the program, giving us a total of eight (8) customers currently participating.
- SOFTtelPay Program:
103 customers have used SOFTtelPay for a total of \$8,852.74. Total paid to SSMWC has been \$8,391.54 with \$461.20 in transaction fees retained by the program administrator.
- March & April Activities:
The month of March began with cold weather and caused some problems with broken meters. Carol Ann Lovell and Mat Gleason went to the Nevada Rural Water Conference in Reno. This was paid for by a grant from the Nevada Safe Drinking Water State Revolving Fund (SRF). While attending the conference, Carol Ann took her Distribution Grade 1 test and Mat took his Treatment Grade 1 test. Both passed their tests; Carol Ann is now a Distribution 1 Certified Operator and Mat is now a Treatment 1 Certified Operator. In April, pot-holing began to find water lines that are or are not in the system, as some maps show. A waterline to Western Feed Supplement was ruptured and its repair went into late evening hours due to the nature of the repair; flow on this line could not be shut down. Improper backfill during original construction contributed to the break. Activities to locate waterlines are included in the CDBG grant for master planning and GIS system mapping. This phase of the project is due by May 31, 2013. A valve insertion system would be an effective tool for SSMWC to purchase; an onsite demonstration is planned in the near future. SSMWC is working with Lisa Goodfellow, United States

Department of Agriculture (USDA) to complete the loan/grant. Wells Fargo Bank, Bank of America and Nevada Bank have been contacted for a construction line of credit, a step required by the USDA. Wells Fargo Bank has indicated that the term of the loan is longer than desired and has declined. An answer from Bank of America is currently pending. Nevada Bank has indicated willingness to pursue this proposal and is exploring viability. Member Geurts asked if Nevada State Bank was the potential lender and General Manager McDonald clarified that it is, in fact, Nevada Bank. The purchase of the old fire house building is moving forward and Lyon County is in the process of transferring ownership of the lot to the south of the building that will enable this purchase to move forward. The agreement with Brooke-Shaw-Zumpft has been signed for their review of the USDA contract. Also in April, thanks to Director Scott Keller, we have applied for six (6) NvEnergy Rebate Programs to install solar systems at each of our building locations. If these are awarded, SSMWC will be looking at a substantial energy cost savings in the future. Power costs at nighttime would be offset by power generated during daylight hours. Briggs Electric submitted the applications on our behalf and if we are successful, the rebate program grant awards will be presented for Board consideration.

▪ New Services:

Meters were installed at 3700 Elm Street and other locations. 3700 Elm Street was a prepaid service at \$700.00. It actually cost the water company (at today's rates) \$3,000.00, a loss of \$2,300.00. Meters were installed at 3005, 3025 and 3045 Hwy 95A all of which were prepaid at \$700.00 each. This loss was not as significant because they were installed on Mono Street (dirt) whereas Elm Street had to be repaved. Richard and Carol Sparks at 2880 Ramsey Cut Off replaced their 1+meter with a ¾+meter to reduce their monthly water bills.

▪ Membership Certificates:

On May 1, 2013 the SSMWC Membership Certificates were mailed. This was another unbudgeted expense. Cost for in-house printing and mailing was approximately \$1,200.00 and did not include staff time on the project.

▪ Meter Register Failure . April:

Following meter readings, it was found that four (4) registers had stopped measuring flow. We replaced three (3) registers and one (1) older Neptune meter.

▪ Vacation Disconnect/Vacant Property:

Vacation standby allows property owners to have their water service turned off and placed in a no charge status. Nowhere in the current Rules & Regulations does it call or allow for this type of service preference. It has been the past policy of the company to provide it. Vacant properties that have water meters to them but are not turned on are also not charged. This is a problem because even if the meter is off it must be read every month to make sure someone has not turned it on without notifying the water company. Valves and meters are subject to replacement at company expense from age. The General Manager recommended a monthly standby rate of \$20.00 for each property that has a meter. Potential monthly revenue for vacation standby would be \$4,000.00, or \$48,000.00 annually. There are also a number of properties that have water services ran to them but do not have a meter. The service line to these properties are the financial responsibility of SSMWC, and when a customer requests service, lives and valves may need to be replaced. The General Manager recommended that a monthly standby rate of \$5.00 be charged for vacant properties that have service to them, but no meter. Noted were vacant lots that have meters in the ground are at risk of theft, as proven in two recent cases. Meters from locations such as these are now being pulled and tagged for re-installation at a later point in time upon service application. Further, in one recent example, an owner had not received water service in a long time so the service valve was frozen. The repair expense was borne by SSMWC and not the property owner. Every meter pit and every service lateral is the financial responsibility of SSMWC; lines on the owner's property are not. In many cases, galvanized pipe and black iron pipe was installed on customer's connections up to our meter pits. This means that active water customers are covering the cost of repairs to vacant properties and vacation disconnects when these older connections crumble. Discussion regarding vacation disconnect scenarios during winter months was held. Protecting the financial interests of existing customers was noted along with improved meter reading procedures implemented last year.

New Business:

- Questions were presented in a letter from member Win McCord of Washington State. Multiple copies were received by the Board and General Manager either to their homes or to the company office. Mr. McDonald will provide a response.
- A written request from Five Star Mobile Home Park was received concerning a late fee assessment. Due to lack of a motion, no action was taken regarding the request to reverse a late fee that was incurred because the customer did not receive their bill.

Adjournment:

- Member Jenkins made a motion to adjourn the meeting; 2nd to the motion was made by Treasurer Moniz. Motion carried. The next meeting is to be held at 4:00 p.m. on Thursday, July 18, 2013 at the SSMWC Office.