

SILVER SPRINGS MUTUAL WATER COMPANY

MEMBERSHIP

ANNUAL MEETING MINUTES

MARCH 16, 2017

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

Roll Call:

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

Member's Comments

- .0004% of members attended the meeting (excluding member Directors).
- J. Picciani asked about number of hookups within the service area and the basis for determining available water.
- A. Echo asked about total buildout of the service area and number of lots currently connected.
- R. Green asked about projections pertaining to substantial growth and if that growth can be accommodated, the service area boundaries relative to any potential annexations and the association to the sewer treatment system.
- President Peek reviewed significant achievements of the past year.

Introduction of Nominees:

- Two (2) vacant seats of incumbents Joyce Jenkins and Avis Moniz were unopposed; by acclamation of the majority of those present these incumbents were re-elected unanimously.

Placing of Ballot Box & Voting for Directors:

- Item was removed from the agenda.

Secretary's Report:

- Member Yon was appointed temporary Assistant Secretary as provided for in the by-laws. President Peek asked for any questions, additions, deletions or corrections to the meeting minutes of January 19, 2017. There being no discussion, Member Noble made a motion to approve the meeting minutes of January 19, 2017 as presented; 2nd to the motion was made by Vice-President Keller. Motion carried unanimously.

Treasurer's Report:

- The Yearly Audit Report was presented by Beth Kohn-Cole, CPA of Kohn & Company LLP. A clean opinion of financials was determined according to a requirement for Government Auditing Standards because federal funding is received. Cash and current assets approximated \$422,000.00 and property, plant and equipment was approximately \$6.5 million. Other assets include restricted assets of customer deposits, debt service reserve and short lived assets reserve together at approximately \$427,000.00. Liabilities consist of USDA debt at approximately \$2 million. Net assets consist of \$5.2 million rounded. The Statement of Activities shows a little over \$1 million in revenue with expenses at approximately \$839,000.00 for an increase in activity at \$194,000.00 rounded. Cash flows and expenses were fairly consistent. President Peek commented that 2016 was a reasonably healthy year as compared to losses from legal fees incurred in 2015 (a legal fund was established effective January, 2017). At this time, there is no anticipation of changes to water rates. The rate increase of October, 2016 had been pre-determined several years prior. Excluding the USDA loan at 2.5% interest, there is no other debt. Information from local governing bodies indicate a positive trend approaching. General Manager Martensen reviewed the legal fund policy as replacing capital reserve funds expended on legal matters and building a separate legal fund for any future unpredictable matters. Assistant Secretary Yon made a motion to accept the Yearly Audit Report; 2nd to the motion was made by Vice-President Keller. There being no further comment on the financial reporting, motion carried unanimously. CPA Beth Kohn-Cole took this opportunity to express her thanks to Kathleen Sullivan-Hennessey, Bookkeeper, who had done a great job that resulted in a very smooth audit process.

Legal Report

- President Peek introduced Mr. Charles S. Zumpft, Attorney, Minden Lawyers LLC. Mr. Zumpft provided an overview of the Lyon County District Court Judge's decision on a "Petition for Judicial Review" that was filed by Frances Molarius following an unsubstantiated complaint and subsequent appeal at the Public Utilities Commission requesting an investigation of SSMWC activities. The Honorable Lyon County District Court Judge Leon Aberasturi issued his opinion denying her requested relief and denied Ms. Molarius' claims, affirming the PUC's conclusions in favor of SSMWC. Noted was that these actions were stemmed from acts of malicious mischief. The State Engineer for the Division of Water Resources has designated SSMWC as the area's purveyor of record for the bulk of the Silver Springs valley. The State Engineer has also designated that if you would like to hook up to SSMWC your right to drill a domestic well is credited to SSMWC in lieu of obtaining a water right. This provides the water company the ability to serve with annexation into the SSMWC service area. Annexations are made by owner request to the PUC for acceptance as a "territory item". Review of current water line mapping data was noted. SSMWC's policy is to accept any property requesting an annexation at the requestor's expense.

New Business:

- None.

Determination of Election of Directors:

- Item was removed from the agenda.

Adjournment:

- Member Noble made a motion to adjourn; 2nd to the motion was made by Assistant Secretary Yon. Motion carried unanimously and the Annual Membership Meeting was adjourned at 4:39 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.