

BRUNNER HILL WATER ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES

Tuesday, March 19, 2024

1. The President, Danny woods called the meeting to order at 7:02 p.m.
2. BOARD MEMBERS PRESENT:

President	Danny Woods
Vice President	David Phillips
Board Members	Richard Hazel, Shaun Dubois, Shawn Hargett
Secretary	Angela Johnson

3. BOARD MEMBERS ABSENT: None
4. MEMBERS OF THE AUDIENCE: Kaleb Welch, Ruby Hargett, Carol Russell, Bob Lee, Carol Lee, Heath Vaughan, Jared Branscum, Jerry Klaus, Rich Geib, Marc Vanderschoot, Mary Edwards.
5. APPROVAL OF FEBRUARY 22,2024, MINUTES: Richard Hazel made a motion to approve the minutes, Shaun Dubois seconded. Motion passed.
6. APPROVAL OF FEBRUARY 2024 FINANCIAL STATEMENTS: Shaun Dubois made a motion to approve financial statements, David Phillips seconded. Motion passed.
7. PRESIDENT'S REPORT:

Topic: Government Funding, COVID money
Board Discussion: 7/18/23 Danny is trying to obtain government funding. If received, the funding can offset expenses of reducing water loss. 8/15/23 No updates. 9/19/23 No updates. 10/17/23 No updates. 11/21/23 No updates. 12/19/23 No updates. 1/25/24 No updates. 2/22/24 No updates. 3/19/24 No updates.
Conclusion: Danny will provide updates as he obtains information.
Topic: Danny expressed concerns about use of the time clock and people punching others in or out.

Board Discussion:

2/22/24 The board went into executive session. The Board directed that missing time punches be approved by a member of the board prior to completion of payroll.

3/19/24 This issue is resolved. No further discussion.

Conclusion: This issue is closed.

Topic: Personnel Changes and resulting measures to secure licensed Water Operator

Discussion: Mr. Applegate and Mrs. McFall no longer work for Brunner Hill Water Association (BHWA). Services are to be contracted for the next year to ensure a licensed water operator continues to provide maintenance and oversight to our water system. The board acknowledged the public will have questions and concerns which were entertained during the public forum, see below.

Conclusion: To ensure a licensed water operator continues to maintain and provide oversight for the water system, the board of directors decided to contract the services of ClearWater Utility Management Services, L.L.C. See New Business below.

8. EMPLOYEE REPORT: Kaleb Welch reviewed the employee report.

Topic: Outdoor maintenance at BHWA property locations.

Discussion: Grounds maintenance at various BHWA properties is not covered under the contract with ClearWater. Kaleb is willing to perform these duties, but ClearWater will not pay his wages to do so.

Conclusion: David Phillips motioned to enter into a service agreement with Kaleb Welch to perform the duties. Shaun Dubois seconded. Motion Passed.

Topic: Minimum Inventory On-Hand

Discussion: Mr. Vaughan requested that BHWA maintain a minimum inventory. An initial inventory is required to identify any shortages. Kaleb and Angela have set aside a day to conduct the inventory.

Conclusion: Shaun Dubois motioned to approve the minimum inventory as requested by Mr. Vaughan and to immediately purchase any shortages once the initial inventory is conducted. David Phillips seconded. Motion passed.

Topic: Bank Accounts

Discussion: No current employee is an authorized user for BHWA bank accounts with Anstaff Bank or with First Security Bank of IZARD County.

Conclusion: Theodore Applegate and Shelly McFall are to be removed and Angela Johnson is to be added to the authorized users for BHWA accounts with Anstaff Bank. Angela Johnson will also be added as an authorized user on the accounts with First Security Bank of IZARD County for the purpose of closing accounts. Motion was made by Shaun Dubois and seconded by Richard Hazel. Motion passed.

9. OPEN ITEMS:

Topic: Consult an Attorney about Bylaws, Official Vote

Discussion:

8/15/23 There is a question as to what constitutes a proper vote according to the bylaws. Danny wishes to consult a lawyer to determine what consists of a quorum; is it 51% of all members, of all members present, or of the Directors? This must be resolved prior to the next election of Board Members.

9/19/23 Danny will consult an attorney regarding the bylaws, specifically how to obtain the required vote.

10/17/23 Danny consulted Roger Morgan, Attorney, about the bylaws. Danny does not believe we can get the appropriate number of people for a quorum; we need approximately 253 people to vote for a quorum. Danny wants to change the bylaws to give the board the power and authority to change the bylaws. Comment was made that if you get the number of required votes to change the bylaws, then you have the appropriate number of people required for a vote; therefore, there would be no need to change the bylaws giving the board the power and authority to change the bylaws. It was also noted that giving five people complete power to change bylaws contradicts the purpose of having an association.

11/21/23 Danny presented the board with a form prepared by Mr. Roger Morgan of Sanders, Morgan, & Clarke, PLLC, Attorneys at Law. The form is a Member Proxy designation giving BHWA Board majority the authority to cast/use the member's vote for any issue requiring a member vote over the subsequent 11 months. Danny said Mr. Morgan's recommendation is to use this form for the next election and to change the bylaws. Two Board Member seats will be open for the next election: Shaun Dubois, vice Jonathan Gibson (2 more years) and Willie Stone, vice Genny Woods (1 more year). There was a great deal of discussion: speculation as to whether or not members are likely to vote, use the proxy, or not vote; ethical ways to notify association members of the election and change to bylaws; how to get association members' responses; how to attract candidates for Board Membership; attorney's official recommendation that can be presented to board and/or association members on how to obtain valid votes

that meet the requirements of the bylaws and how to change to the bylaws that would make it reasonably easy to do so.

12/19/23 Proxy Forms were sent to water users. It was noted Section XII

“Amendments” of the Bylaws states they may be repealed or amended by a vote of the majority of the members present at a meeting called for that purpose; there are provisions that restrict changing the purpose, safety & security of property or funds, or fundamentally change policies of the organization as long as the state has a lean on the organization. It was noted the section appears to be part of the original bylaws and is signed by Hale Moody, President and Carolyn Sanders, Secretary-Treasurer; however, the document is not dated or notarized.

1/25/24 Danny will contact the attorney to try to determine next steps to conduct a meeting of the members, as it is not likely to have 51% of over 500 members in attendance to reach a quorum. We need to be able to elect board members and to change the bylaws to set reasonable quorum requirements.

2/22/24 Not discussed.

3/19/24 Other pressing issues previously required the full attention of the board.

Moving forward, the board will focus attention to the bylaws.

Conclusion: Danny will schedule an appointment and invite all board members to attend.

Topic: Annual Reviews due in February

Discussion:

2/22/24 Not discussed.

3/19/24 No longer necessary.

Conclusion: Topic closed.

10. NEW BUSINESS:

Topic: Report of Executive Sessions

- a. Theodore Applegate was released from employment due to violations of personnel policy.
- b. BHWA contracted the services of ClearWater for one year to ensure a licensed water operator continues to maintain and provide oversight for the water system. The board conducted extensive research, including financial analysis and reference checks, in making this decision. The board estimates a savings of at least \$20,000 during the upcoming year.

Topic: Water Rates for Large Consumers

Discussion: Mr. Woods has been contacted by some of our large water consumers, namely poultry farmers, regarding the cost of purchasing water from BHWA versus drilling wells. The high cost of purchasing water justifies the cost of drilling wells. To keep valued customers, the board should look at the water rates and consider commercial rates or graduated rates based on consumption.

Conclusion: The board agreed to research the topic and conduct a study with large consumers and/or commercial consumers in mind.


11. PUBLIC FORUM: see attached comments, questions, and answers.

12. ANNOUNCEMENTS:


a. The next regular meeting will be at 7:00 pm on Tuesday, April 16th, 2024, at the Water Office.

b. Temporary office hours are Wednesday – Friday, 9 am – 2 pm.

13. ADJOURNMENT: Shaun Dubois motioned to adjourn; Richard Hazel seconded. Motion passed. The meeting adjournment time was 8:27 p.m.



Angela Johnson, Secretary



Danny Woods, Board President

BRUNNER HILL WATER ASSOCIATION

SIGN-IN SHEET FOR BOARD MEETING: DATE 3/19/2024

SIGN NAME:

PRINT NAME:

- | | |
|------------------------------|--------------------------|
| 1. <u>Kaleb W</u> | <u>Kaleb Welch</u> |
| 2. <u>Ruby Hargett</u> | <u>Ruby Hargett</u> |
| 3. <u>Carol Russell</u> | <u>Carol Russell</u> |
| 4. <u>Bob Lee</u> | <u>Bob Lee</u> |
| 5. <u>Carol Lee</u> | <u>Carol Lee</u> |
| 6. <u>Heath Vaughan</u> | <u>Heath Vaughan</u> |
| 7. <u>Jared Branson</u> | <u>Jared Branson</u> |
| 8. <u>JERRY KLAUS</u> | <u>Jerry Klaus</u> |
| 9. <u>Rich Geib</u> | <u>Rich Geib</u> |
| 10. <u>MARC VAN DOESBODT</u> | <u>Marc Van Doesbodt</u> |
| 11. <u>Mary Edwards</u> | <u>MARY EDWARDS</u> |
| 12. _____ | _____ |
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EMPLOYEE'S REPORT

MARCH 2024

Operational Updates

- Duramax and trailer repaired.
- Spring prep: mower & weed eater maintenance.
- Service Line Leak repair on Jordan Landing Road.
- Hydrant repaired on Highway 177.
- Found a bad PRV.
- 504 Accounts:
 - Disconnect 2, Sneather & Cox.
 - Connected 2, Pearson & Webb.
- Completed work orders 11 this month/ 42 year to date.
- Completed one-calls 8 this month/ 26 year to date.
- Met Mr. Vaughan & oriented him to the system.
- Sanitary survey with the state scheduled for 3/28/2014.
- Reading meters March 22-27.
- No employees are authorized users of bank accounts & there is no way to make online payments for supplies or services.

Progress on Goals

- Finished flow rate study on all blowoffs.
- Reconcile 2023 files and submit them to CPA for audit.
- Go through QuickBooks information for accuracy and fully utilize:
 - Budget
 - Inventory
 - Banking
 - Payroll
- Complete an inventory of meters and other supplies.

CORRECTED

1. (Q) Rich Geib asked how the new contract with ClearWater will save money.
(A) The contract will cost Brunner Hill Water Association (BHWA) approximately \$94k for one year; however, during that year the association will save upwards of \$100k on payroll (Angela Johnson, part-time Secretary, will be the only remaining employee). The association will experience further savings with little-to-no equipment maintenance, fuel, or postage expenses because ClearWater will bill customers, provide equipment, and source fuel.
2. (Q) Carol Russell asked to hear from Heath Vaughan, ClearWater representative, what services and benefits they bring.
(A) Mr. Vaughan explained payroll expenses are substantially reduced if he only has to employ one dedicated person to reside at this place of business and provide additional manpower from other locations when necessary for emergencies or major projects. If an emergency were to happen after hours, Kaleb will be available to respond and turn off water for repairs. In the meantime, ClearWater will dispatch other Field Technicians to assist with repairs. This will save water and ensure timely response to continue delivery of safe water.
3. (C) Jerry Klaus commented he personally witnessed ClearWater's efficiency this morning while four people repaired a leak at his neighbor's property. They had new equipment. They were quick and efficient. He had a concern about any emergency that may happen after hours, but Mr. Vaughan addressed his concern, see number 2 above.
4. Several people did not understand how this contract could save money. Dave Phillips reiterated that expenses for postage, equipment, equipment maintenance, and fuel will be nearly eliminated, and payroll will be significantly reduced. These savings will offset the cost of the service contract and save at least \$20,000.
5. (Q) Mary Edwards asked if the Board of Directors will remain in place.
(A) The Board of Directors will remain in place. The contract with ClearWater is a one-year service contract. They are not taking over the water company.
6. (Q) Mary Edwards asked where the board got the authority to make this decision because the bylaws do not give the board of directors the authority to make this decision.
(A) The bylaws, Article IX, **Sections 1-B** states the Board has authority "to select and appoint all agents or employees of the corporation, remove such agents or employees of the corporation, prescribe such duties and designate such powers as may not be inconsistent with these bylaws, fix their compensation and pay for faithful services.". The directors are in place to make such governance decisions and have the authority to conduct this business without holding a public meeting. There was a gap in the organization of a licensed water operator; this was the most cost effective and timely way to fill that gap.
7. (C) Carol Russell commented that the ARWA organization that conducts rates studies frowns on graduated rate scales. Consider consulting ARWA when conducting our study for large consumers. She recommends staying on their good side.
8. (C) Mary Edwards commented on her disapproval of the board's making the decision to contract with ClearWater without first notifying the public and for not choosing to get feedback from the 500 customers.
(A) The decision was made in executive session due to the sensitive nature of personnel issues and this being the most expeditious way to have a licensed water operator oversee the system. Additionally, when calling a general meeting of the members, we have not been

successful in achieving a quorum, thus the board did not consider conducting a general meeting.

9. (Q) Rich Geib asked about the length of the contract.
(A) One year.
10. (C) Shawn Hargett commented that ClearWater provides professional, qualified, licensed, and efficient manpower. The service agreement is a good move in response to losing our licensed water operator. Maybe we should have given some kind of notice, but the timeframe was short.
11. (Q) Ruby Hargett asked if BHWA will be responsible for supplies and about the vehicle Kaleb will drive.
(A) Yes, BHWA will be responsible for supplies. Mr. Vaughan has not yet determined which vehicle Kaleb will drive. If it is one of his vehicles, it will have a BHWA decal on this side. If it is one of our vehicles, ClearWater will pay a monthly usage fee that will cover the cost (insurance, mileage, maintenance, etc.) of using the vehicle.
12. (Q) Carol Russell asked when the next general meeting of members will be held.
(A) The board will now focus on the bylaws so that a general meeting can be held.
13. (Q) Mary Edwards asked if there are plans to have a public meeting to announce this change.
(A) The board will ensure the members are notified; delivery method was not determined.
14. (C) Mr. Vaughan noted that ClearWater only provides a service. They will not set rates. They will not change company policy. The board is still intact to govern the organization.