

BRUNNER HILL WATER ASSOCIATION  
BOARD OF DIRECTORS MEETING MINUTES

Tuesday, July 23, 2024

1. The Vice President, David Phillips called the meeting to order at 7:05 p.m.

2. BOARD MEMBERS PRESENT:

President	Danny Woods
Vice President	David Phillips
Board Members	Richard Hazel
Secretary	Angela Johnson

3. BOARD MEMBERS ABSENT: Shaun Dubois, Shawn Hargett.

4. MEMBERS OF THE AUDIENCE: Kaleb Welch from ClearWater Utility Management Services, LLC; Carol Lee and Marc Vanderschoot.

5. MINUTES FROM JUNE 18<sup>th</sup>, 2024: Danny Woods motioned to approve; Richard Hazel seconded. Motion passed.

6. APPROVAL OF JUNE 2024 FINANCIAL STATEMENTS: It was noted that our expenses are down over the past couple months, since contracting with ClearWater. Richard Hazel motioned to approve the financials; Danny Woods seconded. Motion passed.

7. PRESIDENT’S REPORT: Nothing to report.

8. SECRETARY’S REPORT: Angela Johnson reviewed the Secretary’s report.

Topic: Office Security Contract
Discussion: 4/18/24 The ADT Security contract expired. We continue to pay a monthly fee; service is now on a month-to-month basis. Other security options will be investigated. 5/23/24 The board briefly discussed security and insurance concerns. Danny and Dave met with a security company and conducted a site visit; we are awaiting the bid. 6/18/24 The security company has yet to submit a bid. 7/23/24 After brief discussion about the cost of the bid received by ADSI and the source of the funds (Depreciation account vs. Operations & Maintenance), Richard Hazel motioned to accept the bid. Danny Woods seconded. Motion

passed. Discussion about depreciation segued into the following topic of the sale of the Ford Ranger.
Conclusion: The Board approved the bid for Surveillance and Security System Equipment. Angela Johnson will contact the accountant to discuss the use of Depreciation Savings.
Topic: Sale of 2005 Ford Ranger
Discussion: The association owns three trucks. Kaleb primarily uses a truck owned by ClearWater. The board discussed liquidating the truck most likely to remain unused, the 2005 Ford Ranger. David Phillips proposed that it is better to sell the truck for revenue than to let it sit and rust. In addition, we could use its storage space for other equipment. In the past, equipment has been sold via sealed bids. David Phillips motioned to sell the Ford Ranger via sealed bids to be opened at the September meeting. Danny Woods seconded. Motion passed.
Conclusion: The Board elected to sell the 2005 Ford ranger via sealed bids to be opened at the September meeting. Angela will prepare a statement to be listed in the paper and on BHWA web page for the board's review.
Topic: Open a checking account with First Community Bank
Discussion: Angela proposed opening a new checking account with First Community Bank. First Community Bank has a branch local to ClearWater could make daily deposits. This would save ClearWater time and mileage in making deposits at Anstaff in Norfolk. This would also ensure checks clear faster, a concern for our members. Angela would regularly transfer funds to the appropriate account (O&M or Meter Deposits) at Anstaff Bank. Danny Woods motioned to open a Business Non-Profit Free Checking account with First Community Bank. Richard Hazel seconded. Motion passed.
Conclusion: Angela will take approved minutes to First Community Bank to open a Business Non-Profit Free Checking account.

9. CLEARWATER'S REPORT: Kaleb Welch reviewed ClearWater's report. Kaleb reported three leak repairs and one pending at Rodney Church. He is having difficulty finding the shut off valve that is located in Shawn Hargett's field. He also reported we are still waiting for the road bore to install a service line for the campground being built on Hwy 223. Kaleb also reported he will be reading meters July 24 – 30.

Topic: New Build at the Top of the Lakes neighborhood
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<p>Discussion: For several months, construction has been taking place at Top of the Lakes on a new house. Per agreement supposedly with previous Superintendent, cement has, or will be, poured over a 3-inch water main with the understanding that if the main breaks or leaks, BHWA has access to the main and will not be responsible for damage or repairs caused by leak or by accessing the leak. However, there is no written agreement to be found. It was also noted that there is no meter, but the construction workers have access to (and use) the water.</p>
<p>Conclusion: Kaleb will turn off the water ASAP. Danny Woods and Dave Phillips will meet Kaleb at the Water Office at 1:00 pm. tomorrow, July 24, 2024 to conduct a site visit. Danny Woods also plans to contact the lawyer to obtain a Hold Harmless Agreement that we will require the owner to sign.</p>

10. OPEN ITEMS:

<p>Topic: Consult an Attorney about Bylaws, Official Vote</p>
<p>Discussion:</p> <p>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.</p> <p>9/19/23 Danny will consult an attorney regarding the bylaws, specifically how to obtain the required vote.</p> <p>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.</p> <p>11/21/23 Danny presented the board with a form prepared by Mr. Roger Morgan of Sanders, Morgan, &amp; Clarke, PLLC, Attorneys at Law. The form is a Member Proxy designation giving Brunner Hill Water Association (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</p>

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 on the bylaws.

4/18/24 No meeting scheduled as of yet. Shaun Dubois volunteered to schedule one.

5/23/24 After a consultation with the attorney, a proxy statement was developed and will be mailed out to the customers with a letter explaining the board's intent.

The recommended change will establish a quorum to be 35 votes, rather than requiring 51% of the membership. Proxy statements returned will be verified against the bylaws and the active members. Proxy statements are not required to be notarized. David Phillips motioned to approve the Proxy Form as presented. Shaun Dubois seconded. Motion passed.

6/18/24 Mailings went out. Over 30 have already been returned to the water office.

Others have been left at Woods Feed & Farm Supply and at Jordan Grocery Store.

7/23/24 Proxy forms are due on Friday, August 9<sup>th</sup>. Angela will qualify them prior to the meeting. David and Angela will develop a way to quickly qualify and count members who show up at the meeting. Several people have asked Danny questions regarding the Proxy Form and about conducting an election after the bylaws are changed. If enough votes are received to approve the change to the bylaws, the change must be ratified by our government lien holders. Therefore an election cannot be held during the next meeting, even if the change is voted in.

<p>Conclusion: Proxy Forms are due on August 9<sup>th</sup> and will be qualified to verify the number of authorized votes. The special meeting for the general membership will be held August 20th, same date as the regularly scheduled board meeting. Angela will try to reserve the Rodney/Jordan Fire Station.</p>
<p>Topic: Water Rates for Large Consumers</p>
<p>Discussion:</p> <p>3/19/24 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.</p> <p>4/18/24 The board discussed the cost to BHWA for a gallon of water vs. our charge to consumers who use water in large quantities. It seems high users get water at cost. The board agreed an in-depth analysis needs to be conducted.</p> <p>5/23/24 The board again discussed the cost to BHWA for a gallon of water vs. our charge to consumers who use water in large quantities, and whether or not it is in the best interest of BHWA to adjust the rate structure for high water users. The request to consider adjusting rate structure comes from an industry that consumes water in high amounts only a few months of the year. No decisions were made; no tasks were assigned.</p> <p>6/18/24 No discussion</p> <p>7/23/24 Brief discussion about data that is needed at the end of the year to make this determination. Inclusion of revenue on the Cost of Water report may help determine our margin for rates.</p>
<p>Conclusion: The topic is tabled until the end of the year.</p>
<p>Topic: Customer Service Policy</p>
<p>Discussion:</p> <p>6/18/24 The Customer Service Policy is not specific about fees. Fees are relatively low in comparison to the rest of the country and have not risen with recent inflation. The policy should delineate fees. The board will consider fee increases.</p> <p>7/23/24 Brief discussion about the proposed changes to the Rules &amp; Regulations and the Customer Service Policy which were included in the board packet.</p>
<p>Conclusion: Dave Phillips encouraged board members to take the proposed policy changes home to review. Angela will email the documents to the absent board members.</p>

11. NEW BUSINESS:

Topic: Arkansas Rural Water Association (ARWA) Annual Conference
Discussion: ARWA Annual Technical Conference is scheduled for September 16-18 in Hot Springs, Arkansas. Registration is \$204 per person. Lodging ranges from \$108-\$161, not including taxes. There will be meetings pertinent to Directors, Admin, and General Water. Danny Woods motioned to approve one person attend, likely Kaleb, at an expense to BHWA of up to \$750. Richard Hazel seconded. Motion passed.
Conclusion: Kaleb will contact Heath for permission to attend the conference.

12. PUBLIC FORUM:


- a. Carol Lee asked when the leak at the church will be fixed and also expressed concern about a hole that could cause someone to fall. Kaleb indicated that he should be able to fix the leak within the next couple of weeks; he just needs to find the shut off valve. If he cannot find the valve within the next couple of weeks he will fix it with the water on. He also noted that the hole is blocked off.
- b. Carol Lee asked if BHWA is required to pay for ClearWater to come make repairs. Dave explained that we have no additional expense if Kaleb can make repairs by himself. However, we incur an additional expense of \$125 per hour labor fee when additional manpower is required.

13. ANNOUNCEMENTS:

- a. The next meeting will be a General Membership meeting at 7:00 pm on Tuesday, August 20<sup>th</sup>, 2024, at the Rodney Jordan Fire Department to discuss and vote on the proposed change to the Bylaws.
- b. Proxy forms are due by August 9<sup>th</sup>.

14. ADJOURNMENT: The meeting adjourned at 8:30 p.m.

  
 Angela Johnson, Secretary

  
 Danny Woods, Board President

BRUNNER HILL WATER ASSOCIATION

SIGN-IN SHEET FOR BOARD MEETING: DATE 7/23/24

SIGN NAME:

PRINT NAME:

1. Kate Welch

2. Carol Lee

3. MARC

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Kate

CAROL LEE

MARC VANDERSCHEE

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