

BRUNNER HILL WATER ASSOCIATION
 BOARD OF DIRECTORS MEETING MINUTES
 Tuesday, December 17, 2024

1. The President, Danny Woods called the meeting to order at 6:34 p.m. Danny immediately made a formal apology to Carol Russell for things he said to her in the past.

2. BOARD MEMBERS PRESENT:

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

3. BOARD MEMBERS ABSENT: Shaun Dubois

4. MEMBERS OF THE AUDIENCE: Jourdan Sanders, BHWA Secretary; Heath Vaughan from ClearWater Utility Management Services, LLC; Ruby Hargett, Carol Lee, Gary Nowak, Brenda Nowak, Tanya Mills, Buck Mills, Linda Chappell, Mike Chappell, and Rich Geib.

5. MINUTES FROM OCTOBER 15, 2024: David Phillips motioned to approve the minutes; Richard Hazel seconded. Motion passed.

6. APPROVAL OF OCTOBER/NOVEMBER 2024 FINANCIAL STATEMENTS: David Phillips motioned to approve the financials; Shawn Hargett seconded. Motion passed.

7. CLEARWATER’S REPORT: Heath reported that ClearWater has a person in place for Brunner Hill who is currently reading meters. He started early because he is not familiar with the system or location of the meters; he will need the extra time. Heath plans to assign a GPS location and asset assigned in their work order system for each meter. He may check with 911 to see if they already have the information needed.

Topic: Water System Development and Growth
Discussion: 10/15/24 Physically connecting the Jordan system with the Norfolk system to back each other up was mentioned. Shawn Hargett recommended installing two meters, to measure water use each way. Cory McFall is Norfolk’s Water Operator. Shawn will contact Cory to determine level of interest in connecting systems. Connection with Norfolk’s water system would also aid in providing water service to those who live on Hopewell Hollow. There was also discussion about fire hydrants. Tina with the fire department requesting information pertaining the cost of adding a fire hydrant to the system, specifically at the end

<p>of the road in the Jordan Hills neighborhood. We might invite Tina to the next board meeting. And, if any type of development or growth is considered, grants should also be researched; Tina may be willing to assist with the request. David Phillips motioned that BHWA pursue connection with the Norfolk Water System. Shaun Dubois seconded; motion passed.</p> <p>12/17/24 The board asked if estimates were obtained on the hydrants. Heath was not aware of the hydrant cost request. He noted that the line must be at least 4-inch (preferably 6-inch) to install a hydrant. No further information was provided regarding connection with Norfolk Water System.</p>
<p>Conclusion: Heath will obtain a cost estimate of installing a hydrant.</p>

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

<p>Topic: Water User Agreement/ Certificate of Membership</p>
<p>Discussion: Angela recommended updating the Water User Agreement/ Certificate of Membership to include the reconnection fee in the same location as the connection fee. The draft also included an additional area to indicate the county of the property and the type of property (agriculture, residential, or commercial).</p>
<p>Conclusion: The board agreed the additions were appropriate. The form will be updated accordingly.</p>
<p>Topic: Disposition of Records scheduled to be destroyed in 2024</p>
<p>Discussion:</p> <p>9/17/24 Angela submitted the Disposition of Records in 2024, a spreadsheet of records recommended for destruction in 2024. The spreadsheet was developed from the state records retention schedule, Health Department records requirements, and operational needs. Angela requested that the list and records be reviewed over the next month before approval.</p> <p>10/15/24 The Disposition of Records in 2024 was revisited and deemed appropriate.</p> <p>12/17/2024 Records were destroyed in accordance with the approved Disposition of Records. Angela also provided a list of records for 2025.</p>
<p>Conclusion: The affidavit of destruction will be recorded with these minutes.</p>
<p>Topic: Reconciliation of files versus databases</p>
<p>Discussion: Angela reported that she and Jourdan have spent countless hours reviewing paper records for active/inactive customers against the RVS database, QuickBooks database, and ClearWater reports to ensure all records match. She found 23 accounts that did not have a signed Water User Agreement/Certificate of Membership on record. Angela mailed letters with forms and has received 10</p>

<p>of them back. Angela also identified 39 accounts that have been inactive for several years, but still have active deposits. These accounts/properties may still have meters on site. Angela recommended trying to locate the meter boxes at these properties in an attempt to recover any meters that may still be in place. However, the physical address of these properties is vague and may require someone who knows the people and the area.</p>
<p>Conclusion: The Board agreed that the status of meters for the 39 inactive accounts needs to be investigated. Both Danny and David agreed to assist in reviewing the addresses on the list.</p>
<p>Topic: General Meeting</p>
<p>Discussion: Angela asked if we will have the annual general membership meeting, although we will not be able to attain a quorum. If we have a meeting, we can provide a report for 2023 and 2024. The attorney's written opinion will also be available and can be discussed at the meeting.</p>
<p>Conclusion: The Board agreed. The general meeting is scheduled for 10:00 am on January 4th, 2025, at the Rodney/Jordan Fire Department. Angela will also provide a statement for Cobhye to include on January's bill. Angela will also notify KTLO, Baxter Bulletin, and White River Current.</p>

9. 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, & Clarke, PLLC, Attorneys at Law. The form is a Member</p>

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 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 9th. 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.

8/20/24 81 Proxy forms were returned, and 16 ballots were collected, thus we had 97 participants at the general meeting held immediately before this meeting. A quorum was not attained; we need participation from 264 people.

9/17/24 Danny will schedule a meeting with the attorney. He apologized for not being able to schedule one prior to this meeting. Mary Edwards made a proposal, noting that the board has done its due diligence to resolve the impossible task of attaining a quorum to vote on changing the definition of a quorum, that a one-time bypass of the bylaws be considered to conduct business as it had been done in the past, that we hold a meeting to change the definition of the quorum and allow the attending members to vote on the matter.

10/15/24 Danny scheduled an appointment with the attorney for October 28th at 10:00 am. Potentially updating the Bylaws as a whole rather than piecemealing it, was discussed. The bylaws are generic, antiquated, and impossible to follow. If we draft up new bylaws, we can present them to the general membership for review and comment; and then hold a general membership meeting the very next month.

12/17/2024 Danny and David met with the attorney who provided a legal opinion against a one-time exemption to the bylaws to change the bylaws without a quorum present to vote. The attorney also said to legally change the bylaws, each member must be legally served with a potential cost upwards of \$50 per member plus court costs (over \$35,000). Then the matter would be presented to a judge who could agree to the change, disapprove the change, or order that the water system be turned over to the state.

Conclusion: Because of the unreasonable cost and no guarantee of results, no further action will be taken by Brunner Hill Water Association to change the bylaws. Board members will remain in place unless one decides to resign, at which time the other board members will appoint a replacement. Anyone who disputes this decision may petition the court at personal cost.

Topic: Water Rates for Large Consumers

Discussion:

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

<p>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 for only a few months of the year. The board did not make a decision; 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. The inclusion of revenue in the Cost of Water report may help determine our margin for rates.</p> <p>8/20/24 No discussion.</p> <p>9/17/24 No discussion.</p> <p>10/15/24 No discussion.</p> <p>12/17/24 No discussion.</p>
<p>Conclusion: The topic is tabled until the end of the year.</p>
<p>Topic: Lock Blowoff's</p>
<p>Discussion:</p> <p>10/15/24 In continued efforts to prevent unauthorized use of water, Shawn Hargett recommended locking the blowoffs. We have a large number of blowoffs. Kaleb visited with Heath about efficient methods and products to lock meters and/or blowoffs. Heath recommended using barrel locks; they are less expensive than a padlock and all of them need only one key.</p> <p>12/17/24 Kaleb did not complete this task while employed with ClearWater. Heath was asked to follow up.</p>
<p>Conclusion: Heath will follow up.</p>
<p>Topic: Proposed 2025 Budget</p>
<p>Discussion:</p> <p>10/15/24 Angela briefly presented the proposal for the 2025 Budget. Dave discussed a couple of the items and requested to table the budget.</p>

<p>12/17/24 The board discussed the cost of the contracted management service and continuation of the ClearWater contract was briefly discussed. ClearWater will require an increase in accordance with the Consumer Price Index and a term of 3 years, which would require an increase in the budgeted amount. Shawn Hargett also noted upcoming maintenance on tanks and recommended an increase in system maintenance amount.</p>
<p>Conclusion: Shawn Hargett motioned to approve the 2025 Budget with revisions: Increase Contract Management Service to \$97,000; increase System Maintenance to \$35,000; adjusting Net Income appropriately, \$34,715. Richard Hazel seconded; motion passed.</p>

10. NEW BUSINESS:

<p>Topic: Results of Executive Session</p>
<p>Discussion: Results of the executive session held after the 12/15/24 board meeting were reported. Items discussed were office hours and staffing schedules; working relationship with Ballard & Company and looking at using a new firm; and potential debt reduction at calendar year end.</p>
<p>Conclusion: No action.</p>
<p>Topic: AR Dept of Health Compliance</p>
<p>Discussion: No discussion. This topic is tabled.</p>
<p>Conclusion: No action.</p>
<p>Topic: Jourdan Sanders Probation Period ended 12/6/2024</p>
<p>Discussion: Jourdan's probation period is concluded.</p>
<p>Conclusion: No action</p>
<p>Topic: Debt Reduction</p>
<p>Discussion: The board discussed funds currently in the Operating and Maintenance account, approximately \$85 thousand, and the current balance of our loans. The lowest balance is approximately \$48 thousand. Angela will obtain a payoff quote from the Arkansas Natural Resources Commission.</p>
<p>Conclusion: Shawn Hargett also motioned to pay off the loan with the Arkansas Natural Resources Commission in the amount of approximately \$51,000 prior to the end of 2024. David Phillips seconded; motion carried.</p>

11. PRESIDENT'S REPORT: No further issues to discuss.

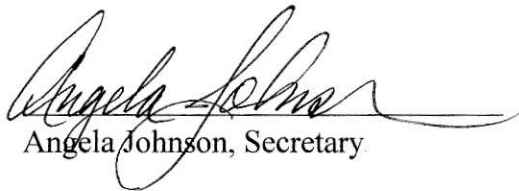
12. PUBLIC FORUM:

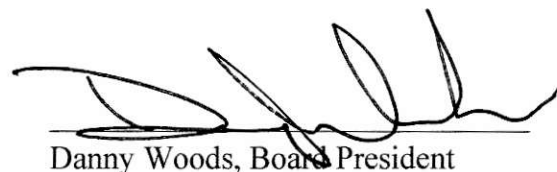
- a. Brenda Nowak asked about providing the board with a balance sheet. Angela is working to make corrections to QuickBooks to provide the board with an accurate balance sheet. Angela's goal is to provide an accurate balance sheet to the board during the January board meeting. Brenda has extensive bookkeeping experience. She offered to assist Angela with QuickBooks.
- b. Carol Lee asked who has been hired in place of Kaleb Welch. Heath indicated that he has not hired anyone but has pulled one of the gentlemen (Wade) he already has on staff to work with the BHWA water system. Wade is not a local resident. Carol Lee also reported she heard the water quality was not being monitored and may not be safe. Carol Russel then interjected, asking if anyone checks the wells daily. Heath said he is running this water system the same as all the other systems he oversees.
- c. Carol Russell also expressed her displeasure with the chlorine levels in her water. She also asked about the meeting some of the board members had with Heath off-site shortly after the incident Kaleb had in the ClearWater work truck. She was concerned that a meeting was being conducted without notifying members. Some of the board members met informally with Heath to ensure the BHWA water system is covered for repairs and meter reading. No business was conducted.

13. ANNOUNCEMENTS:

- a. The annual general membership meeting is scheduled for 10:00 am on Saturday, January 4th, at the Rodney/Jordan Fire Department.
- b. The next board meeting is scheduled for 7:00 pm on Tuesday, January 14th, at the water office.

14. ADJOURNMENT: Richard Hazel motioned to adjourn the meeting. Shawn Hargett seconded; motion carried. The meeting adjourned at 8:10 pm.


Angela Johnson, Secretary


Danny Woods, Board President


AFFIDAVIT OF RECORDS DESTRUCTION

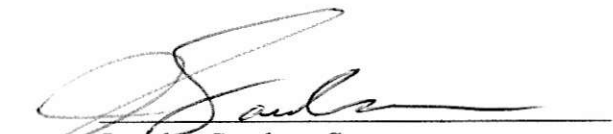
Enclosed is the approved Disposition of Records 2024 and a list of records that were destroyed on October 23 and 24, 2024. Destruction of records was in accordance with approved retention schedule, reference Arkansas General Records Retention Schedule, dated 2006 and Arkansas Public Water System Compliance Summary, dated 2018.

Date of Destruction: 23 – 24 October 2024

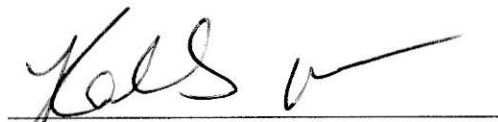
Method: Burned

Records Destroyed by:


Angela Johnson, Secretary


Jourdan Sanders, Secretary

Destruction Witnessed by:


Kaleb Welch, Field Technician

Enclosures:

as stated

BRUNNER HILL WATER ASSOCIATION
2025 PROPOSED BUDGET

Attached is the 2025 proposed budget for approval of the Board of Directors.

Approved. The attached budget proposal for 2025 is approved in its entirety.

Approved with revisions. The attached budget proposal for 2025 with the following revisions is approved for 2025.


Increase Contract Mgmt Svc to \$97,000
Increase System Maintenance to \$35,000
Adjusting Net income appropriately, \$34,715
Nothing follows

Disapproved. The attached budget proposal for 2025 is disapproved. Action will be taken as follows:

Date of Board Meeting: 12/17/2024

This document with attachments is to be recorded with the minutes and filed in the record labeled "5006 Approved Budgets".


Angela Johnson, Secretary


Danny Woods, Board President

Proposed Budget 2025

Accounts	Budget totals	Jan-Mar 2025	Apr-Jun 2025	Jul-Sep 2025	Oct-Dec 2025
		(Q1)	(Q2)	(Q3)	(Q4)
Income					
Interest Income	140	35	35	35	35
Water Income	374000	95000	92000	95000	92000
Total Income	374140	95035	92035	95035	92035
Expense					
Applied Deposits	400	100	100	100	100
AUDIT	4200				4200
Building Maintenance	3400	600	1600	600	600
Contract Management Service	93600	23400	23400	23400	23400
DIRT, GRAVEL, SAND	2500	500	500	1000	500
Dues & License	1500		750	750	0
Employee Quarterly Wage	800	200	200	200	200
Equipment Repair/Maint	900	150	300	300	150
Fuel/Oil	1400	200	500	500	200
Insurance Expense	13168	3292	3292	3292	3292
Interest Paid	32500	7500	10000	7500	7500
LEGAL FEES	800	400	400	0	0
Meter Deposit Refunds	800	200	200	200	200
Miscellaneous Expense	400	100	100	100	100
Office Equipment	800	200	200	200	200
Office Supplies	1200	300	300	300	300
One Calls	340	85	85	85	85
Overpayment Refunds	800	200	200	200	200
Payroll Expenses	200	50	50	50	50
Taxes	3200	800	800	800	800
Wages	32000	8000	8000	8000	8000
PEST CONTROL	400	0	0	200	200
Postage Expense	292	73	73	73	73
PUBLICATIONS	175	50	0	125	0
Sales Tax Paid	24000	6000	6000	6000	6000
Security	2400	600	600	600	600
Service Fees	1100	275	275	275	275
Software	1500	0	1500	0	0
System Maint and Repairs	12000	3000	3000	3000	3000
System Supplies	32000	8000	8000	8000	8000
Tech Services	1900	150	1450	150	150
Tires/Tubes	400	200	0	200	0
TOOLS & EQUIPMENT	1000	250	250	250	250
Truck Expense	50	25	25	0	0
Utilities-Electric	25000	6500	6000	6500	6000
Utilities-Phone	1600	400	400	400	400
UTILITIES-PROPANE	1300	1000	0	300	0
Vehicle Repair/Maint.	400	100	100	100	100
Water Insurance Expense	12600	3150	3150	3150	3150
Total Expense	313025	76050	81800	76900	78275
Total Net Income	61115	18985	10235	18135	13760

ANTICIPATED PRINCIPAL REDUCTION					
NRC LOAN - 2037	3067		3067		
RD LOAN 01 - 2035	20618.38	5066.45	5124.77	5183.75	5243.41
RD LOAN 04 - 2047	23685.38	2509.51	2535.97	2562.72	2589.75
RD LOAN 06 -2046	2136	525	531	537	543
TOTALS	49506.76	8100.96	11258.74	8283.47	8376.16

Approved Budget 2025

Accounts	Budget totals	Jan-Mar 2025	Apr-Jun 2025	Jul-Sep 2025	Oct-Dec 2025
		(Q1)	(Q2)	(Q3)	(Q4)
Income					
Interest Income	140	35	35	35	35
Water Income	374000	95000	92000	95000	92000
Total Income	374140	95035	92035	95035	92035
Expense					
Applied Deposits	400	100	100	100	100
AUDIT	4200				4200
Building Maintenance	3400	600	1600	600	600
Contract Management Service	97000	24250	24250	24250	24250
DIRT, GRAVEL, SAND	2500	500	500	1000	500
Dues & License	1500	0	750	750	0
Employee Quarterly Wage	800	200	200	200	200
Equipment Repair/Maint	900	150	300	300	150
Fuel/Oil	1400	200	500	500	200
Insurance Expense	13168	3292	3292	3292	3292
Interest Paid	32500	7500	10000	7500	7500
LEGAL FEES	800	400	400	0	0
Meter Deposit Refunds	800	200	200	200	200
Miscellaneous Expense	400	100	100	100	100
Office Equipment	800	200	200	200	200
Office Supplies	1200	300	300	300	300
One Calls	340	85	85	85	85
Overpayment Refunds	800	200	200	200	200
Payroll Expenses	200	50	50	50	50
Taxes	3200	800	800	800	800
Wages	32000	8000	8000	8000	8000
PEST CONTROL	400	0	0	200	200
Postage Expense	292	73	73	73	73
PUBLICATIONS	175	50	0	125	0
Sales Tax Paid	24000	6000	6000	6000	6000
Security	2400	600	600	600	600
Service Fees	1100	275	275	275	275
Software	1500	0	1500	0	0
System Maint and Repairs	35000	7000	10500	10500	7000
System Supplies	32000	8000	8000	8000	8000
Tech Services	1900	150	1450	150	150
Tires/Tubes	400	200	0	200	0
TOOLS & EQUIPMENT	1000	250	250	250	250
Truck Expense	50	25	25	0	0
Utilities-Electric	25000	6500	6000	6500	6000
Utilities-Phone	1600	400	400	400	400
UTILITIES-PROPANE	1300	1000	0	300	0
Vehicle Repair/Maint.	400	100	100	100	100
Water Insurance Expense	12600	3150	3150	3150	3150
Total Expense	339425	80900	90150	85250	83125
Total Net Income	34715	14135	1885	9785	8910

ANTICIPATED PRINCIPAL REDUCTION					
NRC LOAN - 2037	3067		3067		
RD LOAN 01 - 2035	20618.38	5066.45	5124.77	5183.75	5243.41
RD LOAN 04 - 2047	23685.38	2509.51	2535.97	2562.72	2589.75
RD LOAN 06 -2046	2136	525	531	537	543
TOTALS	49506.76	8100.96	11258.74	8283.47	8376.16

BRUNNER HILL WATER ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
DATE: 12/17/2024

	PRINT NAME	SIGNATURE
1	Carol Russell	Carol Russell
2	Carol Lee	Carol Lee
3	Gary Hargrett	Ruby Hargrett
4	GARY & BRENDA NOWAK	Gary Nowak
5	Tanya & Buck Mills	Tanya Mills
6	Linda Chappell	Linda Chappell
7	Mike Chappell	Mike Chappell
8	Buck Mills	Buck Mills
9	Rich Seib	Rich Seib
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