

Rogers Mesa Domestic Water Company
Board Meeting
December 18, 2014

Agenda

Approve minutes from last meeting

Overview of Financials

 CD renewal

 Water rate discussion

Engineers report

 Update on highway project

 General condition of the system

Lottery system

 Requirement for membership as part of the lottery and general lottery details

 Don Grant request

Clarify billing – are we billing ahead or behind for our base rate

Secretary/Treasurer position and whether we should have that office have the option of being split – requires bylaw change

Bonuses

Board member election

Meeting took place in the story room downstairs at the Hotchkiss Public Library

Meeting Called to order at 11:10 am

Ross Allen, Webb Callicut, Wink Davis, Steve Ela, Randy Fisher, Diane Perry, Cassandra and Troy Shenk were present.

Randy Fisher provided an overview of the financials.

 There was some discussion of capitalization vs supplies and whether it mattered how some of the improvements were expensed. As it is, there is a large increase in the supply category, which might draw some attention and might need to be explained at the annual meeting.

 Payroll expenses and professional fees are up mostly due to Dahlgren's bonus and the transition to Randy and Diane splitting the Secretary/Treasurer job

The CD is up for renewal today. We are only getting 0.3% on the CD at the bank in Hotchkiss. "Some discussion on a variety of options took place. One suggestion was to divide it into 3 CDs – one short term and 2 longer term to get better rates while leaving some more accessible. Ross Allen made a motion to roll the CD into savings or other accounts for a month while researching other options. Steve Ela seconded. 4 ayes. Motion carried.

We moved on to a discussion of water rates. There has been a decrease in the amount of money collected for water and an increase in the amount we spend on water, partly due to the

increase in water rates from the Town of Hotchkiss and partly due to the yearly payment on the water treatment plant. The company is losing about \$20,000/year. In the past this loss has been subsidized by interest income, but with interest rates so low, this income has disappeared. Much discussion about water rates – Webb suggested \$30/month and \$2.75/1000 gal for overage.

Ross requested a report showing the amount we are paying vs the amount charged for members at the annual meeting. Steve volunteered to prepare that for the annual meeting with help from Cassandra and Diane.

After looking at the numbers again, Steve Ela suggested an increase to \$35/month base rate with no change to the overage. Webb Callicut made the motion to adopt this. Ross Allen seconded. 3 ayes. Motion carried.

Cassandra and Troy Shenk reported on the highway project. Mostly going well, but have a big conflict with the railroad right-of-way at the west end. This conflict will likely require us to replace 300' of line next summer as soon as the new road has been paved.

They also reported on the break on 3100 Road caused by DMEA during the power pole replacement project. These two incidences point out the need for us to protect our interests with larger utilities like DMEA and CDOT.

Steve began the discussion of the lottery system by handing out a sheet with some proposed changes. It quickly became apparent that much discussion was needed about the lottery system and how many taps to sell. Ross would like to open sale up to non-members – feels we are a water company and it our job to provide water to folks within our service area. Wink is not sure we should be selling taps at all. Cassandra and Troy feel that the number of taps installed per year should be very low – one. Different parts of the system can handle different amounts of new taps and deciding this would require engineer and board review of all applications. It was decided that there should be a moratorium on the sale of new taps, until the board has a chance to review the lottery system and associated by laws. There will then be a special meeting of the members.

As we only got through half of the agenda, there will be another board meeting the morning of January 12th, before the annual meeting. Time to be decided.

Ross Allen made a motion to adjourn. Wink Davis seconded. Meeting adjourned at 1:05pm.

Board Meeting Part 2

Meeting took place at the Rogers Mesa Community House January 12, 2015

Meeting called to order at 10:35 am

Ross Allen, Webb Callicut, Wink Davis, Steve Ela, Louis Ketchum, and Diane Perry were present.

The meeting started with a general discussion about by law revision with regards to the lottery and the Don Grant application.

Webb talked about the procedures for by law changes. Need to have two meetings with the membership or one mailing and then a company meeting, to get the by laws ratified. He also, strongly recommended that any changes be reviewed by Steve Harper, our lawyer, before being presented to the membership.

It was decided that there needed to be several work sessions to work on lottery and by law revisions.

Discussion about what to present at the annual meeting

- Condition of the system

- Water available

- Maintenance costs

- Installation costs and infrastructure to maintain/support new taps

- Solicit members input into changes in the lottery system

- Announce a six month moratorium on new taps at which time we will have a new set of by laws and an updated lottery system

Steve Ela made a formal motion to have a 6 month moratorium on tap sales, during which time the board will come up with new guidelines for tap sales and will revise the company by laws.

Ross Allen seconded. 5 ayes. Motion carried.

The goal is to have the special meeting of the membership by July 12th, 2015

Update on the CD renewal. The money has been split between two accounts at present, so not to exceed the FDIC insurance amounts. Interest rates are still low and there no good local options. The highest rates can be found in online banks and the rates are about 2 ¼% for 5 years and 1% for 1 year. Some members have a preference for a local bank, physical bank. There was a general consensus that a portion of the money should be invested in a 5 yr CD. Webb felt that the rate increase would put the company in a positive cash flow, so it would be alright to tie up the money for a longer period

Agreed to have further discussions in another meeting.

The tank will be cleaned in 2015.

Again had a discussion of the reserves and the justification for the rate increase. Reviewed the handout "*Why is Rogers Mesa Water Company raising rates?*" that Cassandra made to be presented to the members.

The next agenda item, was to clarify the company policy about billing – are we billing ahead or behind for our base rate. Historically we have been billing ahead, if we want to change, we would have to skip a billing cycle. There seems to be no reason to change. Ross Allen made a motion to continue with the policy of billing ahead. Steve Ela seconded. Ayes have it. Motion carried.

Agree to split the Secretary/Treasurer position when the by laws are rewritten. Some discussion about whether a board member should be treasurer to oversee Randy Fisher or if having that fall to the president is enough oversight. These details will be discussed at further meetings.

Ross Allen brought a copy of the original articles of incorporation to the meeting. Do these need to be amended? - particularly the clause about maintaining an office in Lazear. Webb said he would ask Steve Harper.

Board members up for election are Ross Allen and Louis Ketchum. Both agreed to run for another term.

Webb declined a bonus because his work load has been reduced by 90% and we are raising rates for members. He will finish out his term as a board member, but will no longer be president. He will serve as advisor to the new president. He requested that someone else run the annual meeting. Webb left the meeting at 12:00.

The remaining board members discussed bonuses. They voted to give Troy and Cassandra a \$3,000.00 bonus. Motion made by Ross Allen, seconded by Steve Ela.

And Diane Perry a \$600.00 bonus (one months salary). Motioned by Steve Ela, seconded by Ross Allen.

Discussion moved to the Don Grant application. His application points out the need for by law revision! Approving his application would set dangerous precedent as there are many people, who are not members, in similar situations. Apparently, when this came up last year Steve Harper felt we had legal ground to deny the application based on the vagueness of Article III, Section 1. At the current time, it was felt that we could justify not approving the application for two reasons – Article II Section 3 – all applications for membership shall be passed on by the Board of Directors. Steve Ela felt that we could justify refusing the application based on Article III, Section 1 - ...considering the needs of users who may already be members – by saying that the needs and desires of the members was expressed at the special meeting in 1994 when the electorate overwhelmingly voted on the lottery system. The board is upholding this system imposed by the members themselves. It was agreed that Wink Davis would write a letter to Don Grant explaining this.

With the imposed deadline of July 12th for the lottery and by law revision, the board members agreed to monthly work sessions. The first meeting is scheduled for Tuesday January 27th from 1-3 pm at the Ela farm office.

The meeting was adjourned at 12:32pm

The annual meeting was held at 2:00 this same afternoon. The annual meeting was brought to order at 2:07 pm and adjourned at 3:29 pm (see minutes of Annual Meeting).

At 3:40 pm the board of directors met to elect officers. Ross Allen, Louis Ketchum, Steve Ela and Wink Davis were present. Ross Allen made a motion for Wink Davis to serve as President and Steve Ela as vice President. Louis Ketchum seconded. As neither Steve nor Wink objected, the motion carried. Wink Davis is now the president of Rogers Mesa Domestic Water Company. The meeting was adjourned at 3:50pm.