

MINUTES

ROGERS MESA DOMESTIC WATER ANNUAL MEETING

JANUARY 11, 2016

Meeting was called to order at 1:59 pm

Board members present – Ross Allen, Wink Davis, Steve Ela, Dan Schultz-Ela and Fred Johnson.

- **Roll call.**

19 members holding 29 memberships and 17 proxies are present, for a total of 46.

- **Proof of due notice and determination of quorum**

The meeting was announced by mail with December bills and by notice published in the High Country Shopper. A quorum is defined as the members present.

- **Approval of previous meetings minutes.**

Members took a moment to review last year minutes. A motion was made and seconded to approve the minutes as written. All members were in favor, there were no objections.

- **Report of Board of Directors by President or Vice-President**

Wink introduced himself and the other board members. He also introduced Randy Fisher, Cassandra Shenk and Diane Perry, the good staff backing up the company.

He went over the major accomplishments for the last year. The revision of the By-laws was a major effort for the board.

The board offered two new memberships in the fall. Because there were only two applicants, no lottery was required. Don Grant and Don Foster were welcomed as new members.

- **Report of Treasurer**

Randy Fisher was introduced to go over the financials. He went over the Statement of Cash Flows that was handed out at the beginning of the meeting (see attached). A motion was made and seconded to approve the financials as written. All members were in favor, there were no objections.

- **System engineer report**

Cassandra Went over her written report about work done on the system (see attached). Some of the highlights were replacing the pumps for the water tank and upgrades to the building.

Questions were asked about water loss and how to determine where this loss occurs. Cassandra said that more in-line meters would help to identify these areas. On the older main lines it is a balance between the cost of repairing and finding the leaks versus the cost to the company of paying for the extra water. Some repairs might be too expensive. There were concerns about loss rates at 35-45%. Larry Head thought the finding these leaks should be a priority. Ross Allen talked about waiting until the highway improvement occurs to replace the line along the highway (highway widening from west end to Hotchkiss).

A five year plan for pipe replacement should be developed. And in this plan we should make sure to consider placement of meters to detect future leaks.

There was a round of applause for Cassandra and her good works.

- **Employee recognition**

Wink handed out bonuses. Troy and Cassandra are given a \$3,000 bonus for their work over the year. Diane is given \$800.

- **Unfinished business - Lottery**

Wink gave a short overview of the lottery policy (See attached).

- **Election**

The floor is opened for nominations for vacancies on the board. Wink, Steve, and Dan are up for re-election. Chris Stengel makes a motion to leave the board as is. Janice Chesnick seconds. All members were in favor, there were no objections.

Ross complements Wink on his efforts on the by-laws and thanks him for his leadership. Wink in turn, thanked the board for their effort.

The meeting is adjourned at 2:37pm.

ROGERS MESA DOMESTIC WATER COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2015, 2014, 2013

UNAUDITED

	<u>11/30/2015</u>	<u>11/30/2014</u>	<u>11/30/2013</u>
CASH IN BANK DECEMBER 1	\$793,547	\$843,634	\$817,693
RECEIPTS			
Membership Fees	179,513	148,016	167,225
Interest Income	1,140	1,666	4,632
Labor Income	13,732	0	1,031
New Memberships	0	0	0
Other Income	1,553	1,217	12,750
TOTAL RECEIPTS	<u>195,938</u>	<u>150,899</u>	<u>185,637</u>
DISBURSEMENTS			
Advertising	570	303	228
Contract Labor	3,730	4,900	8,857
Depreciation	33,798	31,876	31,363
Engineering Fees	1,573	0	0
Fuel	426	782	221
Insurance	5,939	4,904	5,244
Legal & Accounting	11,205	9,080	1,638
Mileage Reimbursement	682	1,144	2,344
Office Supplies & Postage	2,680	2,397	1,282
Payroll Expense	30,868	52,697	46,078
Permits & Testing	1,586	955	716
Repairs & Maintenance	552	6,474	5,686
Supplies	6,920	13,137	5,799
Taxes - Payroll	2,937	3,673	3,914
Utilities	4,958	4,870	5,120
Water	69,811	65,156	54,025
** Water Treatment Plant Cost Share	19,180	19,180	19,180
TOTAL DISBURSEMENTS	<u>197,413</u>	<u>221,528</u>	<u>191,693</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>-1,475</u>	<u>-70,629</u>	<u>-6,056</u>
ADJUST FOR NONCASH EXPENSES			
Add Back Depreciation	33,798	31,876	31,363
Add (Less) A/R Collections	310	662	161
Add (Less) Payroll Taxes Paid	-1,805	35	472
Less Redeemed Water Certificates	0	0	0
Less Equipment Purchases	0	-4,756	0
Less Water System Improvements	0	-7,275	0
CASH IN BANK NOVEMBER 30	<u><u>824,375</u></u>	<u><u>793,547</u></u>	<u><u>843,634</u></u>

** The RMDWC, in 2008, entered into a Contract to reimburse the Town of Hotchkiss for our share of the water treatment plant upgrade. The RMDWC portion of the cost is \$383,600 spread over twenty years. The remaining thirteen payments of \$19,180, payable over the next thirteen years, is \$249,340 dollars.

Rogers Mesa Domestic Water Company

2015 Maintenance and Operations Summary

2015 Unexpected events:

Overall 2015 was a good year with few unexpected events. Electric storm cause a short in our telemetry system and the tank overflowed as a result; ruined parts were replaced. Sensory equipment parts in the pumphouse on 3200 Rd failed and were replaced. An air lock occurred in the line leading to the pumphouse (thanks to Rick Chermack for his assistance). A leak on J-Rd in the main line near the hydrant south of the intersection with J-80 Rd was discovered and fixed. The pump inside the water plant failed and was replaced. Additional minor issues were attended to. Thanks to all our customers for their help and information regarding discolored water.

2015 Planned events:

Several system improvements were implemented this year. The water line on the west end of the highway (installed by CDOT in 2014) was re-routed away from the 25 foot buffer along the railroad. Updates were made to the building at the water plant, including installing some insulation to reduce heat loss and propane cost. Emergency response procedures were reviewed with the board. Progress was made towards a valve coding system (to be continued in 2016 with mapping).

Regulatory: Triennial copper and lead samples were collected from customer taps at the "point of use"; all results from the lab show copper and lead levels were safe and within acceptable limits. Thanks to customers for their assistance in collecting the samples. All monthly coliform/bacteria and quarterly disinfection by-products results were safe and within acceptable limits. Certified Operator training requirement were met and renewal received.

Maintenance was accomplished as usual per procedures (meter pits, flushing, valve exercising, hydrants, equipment maintenance/backhoe).

2016 Plans:

Maintenance priorities for 2016 include water tank inspection and cleaning/painting fire hydrants. System improvements that are slated for implementation include updates to map and valve coding, as well as back-up water supply options (importance for emergency response); upgrade to telemetry system; Install in-line master meters that we have on-hand; generate long-term plans for main line replacement.

Sincerely,

Cassandra and Troy Shenk

Rogers Mesa Domestic Water Company

Procedure for New Memberships Service Connections, and Lottery

1. At its August Board meeting, the RMDWC Board will determine the number of new Memberships and water service connections to offer for installation the following spring / summer and the amount of the one-time Membership fee.
2. This will be announced in the Sept 1 bill and be put up on the Company's web site (when we have one).
3. The announcement will specify how to obtain an application, the deadline for receipt of applications (Nov. 15), and eligibility standards.
 - A. Deposit at 50% of the Membership fee is due with the application; the balance is due upon successful award of Membership to the applicant.
 - B. The deposits will be returned to any unsuccessful applicants.
 - C. The quarterly service charge is paid in advance, runs from the date of service connection installation, and may be apportioned to cover a partial billing period.
 - D. The Company will install the service connection to the meter. The new Member is responsible for reimbursing the Company for this cost which is due upon completion of meter installation.
 - E. Board and staff will review applications and determine which ones qualify for potential new Membership. If there are more qualifying applications than the number of available Memberships, then a lottery will be announced. The drawing will be held at the annual Membership meeting in January.
4. Lottery rules:
 - A. A random drawing will be conducted at the annual meeting.
 - B. Each first-time Applicant will get one chance.
 - C. Any unsuccessful Applicant may apply the next consecutive time that new taps are offered, and if a lottery is conducted, will receive geometrically increasing numbers of chances as follows: 2 chances the second time, 4 chances the third time, 16 chances the fourth time, etc. The applications must be consecutive.
 - D. Results of the drawing will be announced at the annual meeting.
 - E. All applications will be drawn and ranked in the order they are drawn. If a successful applicant fails to complete the tap installation, remaining applicants will move up in the rankings.

This procedure was adopted by the Board of Directors at its meeting July 9, 2015.

MINUTES
ROGERS MESA DOMESTIC
MEETING OF THE BOARD OF DIRECTORS
JANUARY 11, 2016

The meeting of the board of directors was called to order at 2:40pm. The purpose of the meeting is for the election of officers.

By unanimous vote:

Wink – President

Steve – Vice-president

Dan – Treasurer

Diane – Secretary

The date for the next meeting was not set at this time.

Meeting adjourned at 2:45.