

Hisega Meadows Water Inc.  
Board of Directors Meeting  
December 2<sup>nd</sup>, 2013

Members Present: Ron Brown, Larry Deibert, Norm Tschetter, Craig Fischer  
Members Absent: Randy Smart  
Staff Present: Scot Licht, Keith Lau, Lona Lau  
Guests: Byron Schulz

Operators Report: Scot reported that he is getting better life/utilization/record.

Manager's Report: Keith questions a recent bill received from Golden West, further investigation is needed to determine if the billing is accurate and what periods the bill is for. Only one member has yet to install a back flow preventer because of location questions. Keith says it has been located and the valve will be installed shortly.

Byron Schulz requested the board consider placing a limit on the number of new users that can be hooked up given the total number of residents allowed under our agreements. A maximum of 499 users is our limit, a calculation reveals we still have a cushion as the actual count presently on the system is approximately 421, the estimate for vacant lots (using 3.5 people per lot X 11 lots = 38 people); the total would be 460 individuals, the board feels we are safe for the foreseeable future.

Bookkeeper Report: Lona presented the monthly profit and loss statement, it was moved by Ron and seconded by Craig to accept the report, passed unanimously.

Prior Meeting minutes: the minutes for the November 11, 2013 meeting was moved by Craig and seconded by Norm to accept, passed unanimously.

Larry presented the status of Phase 1 of the upgrades needed to the system and read requests from the engineer, board action taken:

- 1) motion by Ron and second by Craig that Scot Licht, after reviewing the final plans can authorize Ron Bengs to submit the plans to DENR for their review in Larry's absence, passed unanimously.
- 2) motion by Craig to authorize Ron Bengs to submit advanced advertisement to CIC that will be published the weeks of December 9 and 16. Seconded by Norm, passed unanimously.
- 3) Ron Bengs has been granted authority to advertise the project, once approved by the DENR, for four consecutive weeks (starting January 8) in several regional publications. Motion by Ron and second by Craig, passed unanimously.
- 4) Motion to have the bid opening February 5<sup>th</sup> at 3:00 PM at the CIC office off Deadwood Avenue. Motion by Ron and second by Craig, passed unanimously.
- 5) Motion to authorize Ron Bengs to submit the required ROW crossing permits to DOT and County as soon as they are prepared. Motion by Ron and second by Craig, passed unanimously.

Old business: there was much discussion concerning vacant lot water rights and Larry read a letter he had penned. It was agreed that vacant lot owners currently not being members of the water company by virtue of payment of \$ 1000 lot will be extended the opportunity to join prior to January 1, 2014 at the \$ 1000 figure. On and after January 1<sup>st</sup>, 2014 and up until the annual meeting (6/30/2014) in June, the hook up fee will be \$ 3000 and recalculated at that time and annually thereafter. A new letter will be sent to each landowner stating they have the opportunity to request a refund of the deposit they have paid, if one was paid, and take their chances of what the fee will be when they do want water hook up.

It was moved by Ron and seconded by Norm to allow Larry to send the letter to present landowners, the motion passed unanimously. It was moved by Norm and seconded by Craig to set the hook up fee from 1/1/14 to the date of the annual meeting at \$ 3000, the motion passed unanimously.

A copy of the letter is attached to these minutes.

We talked about Quickbooks vs. the current system but was tabled until Randy is able to add his input into the situation.

The generator possibility was discussed and Keith will visit with Jerry Arendsee as to what size it is, the condition it is in, our possible use of it. We still need to have an estimated cost for wiring a switch box at the pit site in case it is ever needed.

New Business: It was moved by Craig and seconded by Norm to execute the "Termination and Release" agreement with MidContinent Communications regarding their vacating the HMWI site they presently occupy, passed unanimously.

Extra pay guidelines were discussed and referred to a later date after ideas can be considered.

Being no further formal board business to conduct, the meeting adjourned at approximately 8:00 PM. The next board meeting will be held January 6<sup>th</sup>, 2014, same time, same place.

Respectfully Submitted

Ron Brown,  
Secretary



December 3, 2013

RE: Vacant Lot Owners

Dear Lot Owner,

The HMWI Board sent a letter to all vacant lot owners in the Hisega Water district a couple months ago and would like to notify you of recent action taken as a result of concerns expressed due to that letter.

The Board is prepared to refund the \$1000 per lot that was received from a number of the vacant lot owners in response to the letter. The Board was allowing each of you to become a member at the same rate as the other 195 members that signed up following the purchase of the water system from Jack Sanders on 6/27/2011.

The Board did not intend to coerce you to pay the membership fee before you wanted to obtain water. The Board is keeping with the intent of the Purchase agreement, which guarantees your right to hook-up to the HMWI water system in the future since you presently own a platted lot in the water district. However, we can **not** guarantee what the cost of membership will be in the future except to state that memberships will be \$3000 starting January 1, 2014. Membership fees will then be reviewed annually at the Members Meeting each June; depending on future costs borne by the existing members, it is expected that a membership cost per lot will increase going forward.

The justification for increasing the membership fee is that the water system is member owned and is a non-profit company. Each member is having to pay monthly costs to retire a 40 year loan and a new 20 year loan so quality water will be available for all families now and in the future. A family that wants water 10 years from now will be paying an increased membership fee as their portion of the costs paid by the existing members during that 10 year period.

In summary, you can request your \$1000 membership fee be refunded now and you will still be guaranteed water rights in the future. If you should desire a membership after January 1, 2014 but prior to June 30, 2014 the membership cost will be \$3,000. The cost for a membership after July 1 2014 will be set at the Members Annual meeting in June 2014; the rate will be in effect from July 1, 2014 through June 30, 2015.

If you wish to keep your membership with the \$1000 you have already paid, there is nothing further you need to do. If you wish to get a refund and not retain your membership at this time, please send your request to Keith Lau.

The Board is attempting to keep costs equitable for all present and future members. If you should have any questions, please contact Board President, Larry Deibert at 605-343-3942.

Thank You,

HMWI President,  
Larry Deibert