

Hisega Meadows Water, Inc.

Board of Directors Meeting

May 8, 2017 @ 6:30 AM

Johnson Siding Fire Dept.

BOARD OF DIRECTORS	(term)	(phone)	STAFF	(phone)
Larry Deibert-President	(2018)	343-3942	Scot Licht-Operator	393-5892
Mick Blumer-Vice President	(2017)	605-310-9630	Keith Lau-Manager	390-2963
Rick Schurger-Director	(2017)	348-4749	Lona Lau-Bookkeeper	342-2254
Craig Fischer-Director	(2017)	519-1837		
Norm Tschetter-Treasurer	(2019)	348-3003		

Board Minutes: Motion by Mick, seconded by Rick to approve 4/10/17 minutes; Motion unanimously approved. Motion by Norm, seconded by Craig to approve the corrected 4/24/17 special meeting minutes; Motion unanimously approved. Correction made: change the date at top of the 4/24/17 minutes from 4/10/17 to 4/24/17.

Water Operator's report: Provided 5-3-17: 4-1-17 to 4-7-17 Was covered in the March Operator Report. 4-9-17: PM found reservoir pump control not working. Pumped only 3,500 gal since AM. 4-10-17: Mike Berry came out & found transducer bad. Changed filters; lasted 1,343,900 gallons, 39 days. 4-9-17 to 4-14-17: ran system manually. 4-14-17: Mike Berry installed new transducer & data line protectors on both ends of the low voltage phone line & a 120 volt protector for the auto pump system. 4-15-17: Dwight back washed. Sometime after the AM backwash the transducer went out again. 4-15-17 to 4-18-17: ran system manually. 4-16-17: Mike Berry came out & confirmed transducer bad. Found 24 volts going into transducer and 2.9 volt going out (should be 1.9 volts) He contacted Century Link to arrange to meet. 4-19-17: Fluctuating gauge readings during backwash. ??? Mick installed remote temperature reader in intake pit. 4-20-17: Surging at start of backwash on each tank. ??? (Air?) Air bubbles in chlorine line - purged. Still running system manually and some time between 5:44 PM & 8:00 PM #3 Pump LOST PRIME. 4-21-17: Mike Berry & the Telephone people came out & checked the phone lines. They found 2 boxes that were not grounded. The phone line going to the reservoir is over 3 miles long and is picking up 1 ½ volts AC. The reservoir controls use 24 volts DC. The salesman from Total Filtration Services called me back & said if we ordered 24 filters at a time we will save about \$10.00 per filter. 4-24-17: Normal AM & PM backwash. Started #1 pump, set prime line to 3 ½ gpm. 4-26-17: #1 Pump LOST PRIME. It primed right in. There are still 2 minor leaks on the intake line; one was Sage's and the other was existing. Lot of air in chlorine line, the most I have ever seen. Took about 3 min. to purge. 4-27-17: Normal AM & PM backwash. 4-28-17: #1 pump LOST PRIME; could not get #3 to prime in & it was difficult to get #1 primed in. Alan Sage installed a 2" meter on the #3 pump. He also re-plumbed the intake from the entrance to the south corner to get rid of the 2 small intake leaks. Very hard to get #3 to prime in, lots of air in line from re-plumbing. #3 Pump LOST PRIME during backwash. 4-29-17: Normal AM backwash. Pump ran all night without losing prime. Top meter joint may have very slight leak. Sometime after 8:00 Am Norm found that there was a major blowout on the bottom meter gasket. Pump flooded & TimeMark controller shorted out. It may be OK when it dries out. Alan Sage installed our backup TimeMark controller. Started #1 pump. Sage removed meter from #3 pump until a better gasket can be found. #1 Pump LOST PRIME during backwash. It primed right back in on restart. 4-30-17: 7:49 AM #1 LOST PRIME ? (Could be an Amp problem) It started right up and I ran for 5 min. before switching to #3 pump. Normal AM backwash with #3 pump. 5-1-17: Normal AM backwash. 17 min Harmsco clean up (good). Normal

PM backwash. 15 ½ min Harmsco clean up (great). 5-2-17 to 5-3-17: Everything is back to normal.

MISCELLANEOUS: Dwight worked 6 days in April. 962,840 gal pumped in April. Before next winter we can probably save some electricity heating the intake pit by installing a thermostat & a baseboard heater in the intake pit. The existing wire can handle a 2000-watt heater at either 120 volts or 240 volts. It would be an easy install. If going to 240 a 240-volt breaker would be needed in the new electric box. Scot requested that Sage put a burp line (releases pressure on the intake line) in the plumbing since the bubbles are created in the chlorine line; it's functioning now. 5/04/17: Scot put in new filters; the reservoir controls failed on the morning of 5/05/17. Mike had to reset the controller. Sage will install a prime line where the water comes into the pit. Rick offered a 6' baseboard heater he has; Scot will order a thermostat and will install the heater & thermostat. There was a water break in the pit in early May.

Manager's Report:

Keith requested and received a refund from the county for the \$5000 bond HMWI paid for at the start of our waterline projects. Lau's had a little hassle with the Seattle bank concerning the DENR payments. We'll have to wait until August to get DENR to approve going to a monthly payment instead of the quarterly payment; the monthly payment should start in November. Keith got a price of \$250 to install a heat meter plus the hourly labor rate for the installation. Rural water will test for water leaks on June 12 & 13. Allen Sage will complete some remaining items later during the week of May 8. Mick made a motion to have Sage bury overflow pipe from back flow pit as well as clearing the natural drainage ditch. Second from Craig. Motion carried unanimously. Craig made a motion to purchase the steel and concrete (approx. \$1000 for 5 cu. Yd.) to complete the concrete work at the pump house. Need an additional 3 cu. Yd. (approx.) for the backwash pit. Would have two separate truckloads of concrete delivered for the two projects. Craig will need to hire one concrete laborer when the concrete is delivered. Rick seconded. Motion carried unanimously. The individual water user who was late several months is within one month of being current.

Bookkeeper's Report: On a motion by Craig and second by Norm, the April financial reports were unanimously approved. We paid an annual fee in April to the City of Rapid City for the our annual water rights.

Invoices - Phase 1 related work: Craig Fischer (Removal of Large Rocks): No action taken; the rocks may just stay in place.

Old Business: Compensation of Board Members:

First Proposal to clarify By-Laws:

Proposed By-Law Changes for Annual Membership Meeting: 6/27/17 Board Member Compensation:

Existing Language:

ARTICLE XIII.

Board of Directors – Duties

Section 1. The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and the By-Laws, shall exercise all of the power of the Corporation; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are given, full power and authority to perform the duties and functions hereinafter set forth, to wit:

a. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful services. **Compensation of officers and directors may be discussed at any regular or special meeting by the members of the Corporation and shall be voted on by a mail ballot in accordance with Article VIII, Section 5. Board members may be reimbursed for Corporation business expenses, not to exceed \$50 without prior Board Approval.**

Article VIII, Section 5. Vote: Each member shall be entitled to one (1) vote per lot, on each issue to be voted on. All questions shall be decided by vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Voting by proxy shall be allowed.

Proposed changes in blue:

ARTICLE XIII.

Board of Directors – Duties

Section 1. The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and the By-Laws, shall exercise all of the power of the Corporation; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are given, full power and authority to perform the duties and functions hereinafter set forth, to wit:

a. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful services. **Any compensation (payment of salary) for officers and directors must be approved at any regular or special meeting by the members of the Corporation. Voting by proxy, in accordance with Article VIII, Section 5, shall be allowed. Board members may be reimbursed for Corporation business expenses, not to exceed \$50 without prior Board Approval.**

The First Proposal Motion by Larry at the **March 9**, 2017 meeting failed to receive a second, therefore, no vote was cast and the motion died.

Compensation of Board Members:

Second Proposal to Clarify By-Laws:

Existing language in black and the additional language is in red:

Article XIII.
Board of Directors-Duties

Section 1. The Board of Directors, subject to the restrictions of the law, the articles of the Incorporation, and by the by-laws, shall exercise all of the power of the corporation; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are given, full power and authority to perform the duties and functions hereinafter set forth, and to wit:

a. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the corporation for just cause, prescribe such duties and designate such powers as may be consistent with these by-laws, fix their compensation and pay for faithful services. Compensation of officers and directors, **for their duties as an elected official**, may be discussed at any regular or special meeting by the members of the corporation and shall be voted on by a mail ballot in accordance with Article VIII, section 5. Board members may be reimbursed for corporation business expenses, not to exceed \$50 without Board approval. **In the event that an Officer or Director is willing to be hired for work done over and above the duties of being an Officer or Director, the board has the full authority to hire the Officer or Director and pay a salary for their services. The compensation must be at or below the typical salary that would be paid to a person who is not an Officer or Director. The board shall have the authority to remove such employee for just cause.**

Article VIII, Section 5. Vote: Each member shall be entitled to one (1) vote per lot, on each issue to be voted on. All questions shall be decided by vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Voting by proxy shall be allowed.

Explanation Note: The above changes to the by-laws divide the description of payments to Officers and Directors in two ways. One is for compensation to be an Officer or Director, and the other description relates to the Officer or Director being a salaried employee of the Corporation. This gives the board the authority to hire an Officer or Director to also be an employee of HMWI, instead of requiring the members to vote by proxy or at the annual meeting. It still leaves in place that the members must vote on compensation to Directors and Officers for their duties as an elected Officer. Motion Submitted by Mick Blumer at the **March 9**, 2017 meeting. Norm seconded the proposed By-Law change submitted by Mick at the March meeting. The vote was delayed until the exact wording for the proposed By-Law would be presented at the April meeting. At the **April 10** meeting the Motion failed on a 2-aye; 2-naye vote.

Norm made a separate motion that the Board can hire Board Members at a rate of \$15/hour with a maximum of \$1000 total per year (not per Board Member). If the total were to exceed the \$1000, it would require unanimous Board approval to increase compensation to sitting Board Members by \$1000 increments. Mick seconded the motion. The vote was delayed until the exact wording for the proposed By-Law would be presented at the April meeting. At the **April 10** meeting the motion failed on a 2-aye; 2-naye vote.

Compensation of Board Members:

Third Proposal to Clarify By-Laws:

Proposed By-Law Changes for Annual Membership Meeting, 6/27/17: Board Member Compensation:

Existing Language:

ARTICLE XIII.

Board of Directors – Duties

Section 1. The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and the By-Laws, shall exercise all of the power of the Corporation; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are given, full power and authority to perform the duties and functions hereinafter set forth, to wit:

a. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful services. **Compensation of officers and directors may be discussed at any regular or special meeting by the members of the Corporation and shall be voted on by a mail ballot in accordance with Article VIII, Section 5. Board members may be reimbursed for Corporation business expenses, not to exceed \$50 without prior Board Approval.**

Article VIII, Section 5. Vote: Each member shall be entitled to one (1) vote per lot, on each issue to be voted on. All questions shall be decided by vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation or these By-Laws. Voting by proxy shall be allowed.

Proposed changes in blue:

ARTICLE XIII.

Board of Directors – Duties

Section 1. The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and the By-Laws, shall exercise all of the power of the Corporation; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are given, full power and authority to perform the duties and functions hereinafter set forth, to wit:

a. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful services. **No compensation (payment of salary) for officers and directors shall be permitted. Board members may be reimbursed for Corporation business expenses, not to exceed \$50 without prior Board Approval.**

The proposed By-Law change was submitted by Craig Fischer via e-mail sent to Larry Deibert at the **April 10** meeting. Mick Blumer requested the vote on above motion be delayed until the May meeting.

Action at the **May 8** Meeting concerning the Third Proposal:

Third Proposal to Clarify By-Laws:

ARTICLE XIII.

Board of Directors – Duties

Section 1. The Board of Directors, subject to the restrictions of the law, the Articles of Incorporation, and the By-Laws, shall exercise all of the power of the Corporation; and, without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are given, full power and authority to perform the duties and functions hereinafter set forth, to wit:

a. To select and appoint all officers, agents or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may be consistent with these By-Laws, fix their compensation and pay for faithful services.

No compensation (payment of salary) for officers and directors shall be permitted. Board members may be reimbursed for Corporation business expenses, not to exceed \$50 without prior Board Approval.

At the **May 8**, 2017 meeting: After extensive discussion about Board member compensation both pro & con, Craig made the above motion; seconded by Norm. This By-Law change will be presented to the members for their vote to approve or deny at the June 27, 2017 annual meeting. Motion passed on a vote of 4-ayes; 0-nayes with Mick abstaining.

Based on comments during the discussion concerning Board Member Compensation, Larry will complete the minutes for the May 8 meeting but will not be taking minutes at future meetings. Different arrangements for taking minutes will need to be made for the June 15 meeting.

Landscape Options for Phase 2: Certified letters with checks were sent to the following property owners along Big Piney Road: James Winkels (481 sq. ft.; \$102.72); Brad Nash (1680 sq. ft.; \$358.74); Ray Brown (3,442 sq. ft.; \$735.00); Paul Nedved (2,048 sq. ft.; \$437.33). Norm also signed a check for Keith Lau for the two areas that were part of Quinn's staging area (6,398 sq. ft.; \$1,366.22). The total reimbursement for these five property owners was \$3,000. No comments have been received from any of the property owners except concern from Ray Brown concerning erosion on his property adjacent to Big Piney Road, SE of his driveway. Rick mentioned the possibility of an Erosion Blanket that costs \$40 for a roll of material 8'X100' that could be used on the edge of Ray Brown's property next to Big Piney Road.

Dissolution of C&J Sanders as a corporation: The request had been submitted to the USDA on 12/12/16. Tim Potts (USDA manager) reviewed the matter; he stated the Title Company (First American Title Company) required that C&J Sanders was on the mortgage papers since the purchase was for all the stock of C&J Sanders. Tim stated it was a legal issue that would have to involve First American Title. Larry submitted a request to Paula Hammond at First American Title on April 3. Paula handled the transaction in 2011 and has asked Mitch LaFleur in their office to research and respond to our request. Mitch finally responded on April 28 to say that First American Title is not in the business of telling their customer (USDA) how a loan is to be structured. Mitch then contradicted himself by saying "in order for First American Title to insure the transaction, they may have required both C&J Sanders and HMWI sign the loan." Mitch sent me back to Terry Westergaard, saying we need to have legal counsel on the matter. No further action to be taken.

Annual Membership Meeting:

Mick and Norm have investigated a couple options for showing the pictures of the pump house project. The presentation may be projected onto the side wall of the community center with the seating turned 90 degrees from the normal. The packets need to be sent 10 business days prior to the June 27 meeting. Keith will have a flash drive that contains all the reports from Larry & Mick that can be taken to the Little Print Shop by June 1.

New Business:

None

Being no further business, the meeting adjourned at 8:55 PM.

The next regular board meeting will be 6:30 PM, Thursday, June 15, 2017, same place.

Respectfully submitted,

Larry Deibert
Assistant Secretary