

## January 12th 2016 FPOA Meeting Minutes

1. **Call to Order** The meeting was called to order at 6:10 pm
2. **Quorum Determination** A quorum was established with 3 Board Members present; Jerry Stinson, Dave Davis and Karen Seelhoff.

**Presentation of town manager candidate**-Dick and Sharon Hadsell of Marits Valley Rentals is a candidate for the position of town manager.

The Hadsells own their own company which includes short term and long term property rental and management and act as manager for 4 Property Owner Associations; 3 of which are in Truckee.

Dick has a real estate license and was a manager of a water company many years ago where he billed 735 customers and to a small degree oversaw the water plant repairs and maintenance. He stated that his expertise is not in Mutual Water Companies, but he is comfortable with California Corporate Codes, parliamentary procedure and Roberts Rules of Order.

He is willing to do all financial transactions, bookkeeping and payroll for the town. He would help conduct the meetings; taking notes and submitting agendas but stated "It's not my job to run the meeting; that's the President's job, but I can encourage the meeting to move along." He would assist with enforcement of payments and has done foreclosures in the past.

His billing system would not interface with our QuickBooks accounting system so financials would always be separate and we would have limited access to the data years later.

There is a concern of having all documents with a manager when there are constant requests for copies of documents for State, Federal and CPA reports and for reimbursements needed to stay compliant for our well project. He would be flexible and willing to work with us on whether to have all documents kept by him or the Board Members.

Dick stated he would charge \$20/ per member per month or \$860 a month for his services. Additional services outside the monthly tasks would be charged at \$50/ hour.

Many questions were posed. The answers consistently reflected his stance to follow Bylaws and Corporate law. Jesse Hunter stated he was glad to see that Dick's focus would be to enforce the rules we have already established. He also stated that while the meetings were doing much better as of late, he would like to see a manager to help with differences of opinion of how meetings should be run.

Treasurer Karen Seelhoff stated much of the problem has been a lack of legal advice over the years that has compounded misunderstandings of what the law requires. Mutual Water law has exploded with new rules coming out yearly. The town has not caught up to incorporate rules such as AB54 and AB240 into their governing procedure. While awkward to get started, the difficulty is a natural consequence of change. The Board, after much legal advice, now has a solid foundation for approaching meetings but needs more experience with the new systems.

There will be a mail-in ballot to decide if the town is willing to pay for a manager, or bookkeeper in the near future.

### 3. Reading and Approval of the Previous Board Meeting Minutes

The Minutes of the previous meeting were not read as everyone received a copy in their monthly packets. One change was noted. Lot 15 needed to be changed to Lot 5. The minutes were accepted with this change.

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### 4. Reports:

#### A. Current FPOA Financial Reports-by Treasurer Karen Seelhoff

6 new members were assigned account numbers.

A 2014 paycheck that was not previously issued was issued that allowed crediting \$220 to accounts receivable.

Federal tax information was corrected changing our date of Incorporation from 1975 to 1995.

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### **1. Update: Record Storage**

Safety Deposit Box has important documents- and is located at Wells Fargo Bank at Mae Anne

Previous Years Documents- were put in plastic boxes and are now stored in storage locker #14 at Interstate U-Stor 2255 East 9th St, Reno (775) 331-2255 for \$25/ mo.

### **2. Update: Water Co Lawyers Recommendations for Bylaws and AI Changes**

The law firm of Lagerlof, Senecal, Gooney & Krause who specialize in Mutual Water Co law has reviewed our Bylaws and have made 20 recommendations. Many are small word substitutions but some are changes that reflect new laws. Both this law firm and the law firm our town regularly uses recommends adding a provision to allow our Board to use liens as a way to recoup delinquent fees.

The law firm also included the AB 240 law for California Mutual Water companies which clarify many open meeting requirements. Cost to make the changes to our Bylaws document would be approximately \$400- \$600. The town would need to authorize each of the changes before the Bylaws could be changed.

At this point, there is no committee established for discussing and clarifying the recommended changes.

The Treasure's report was accepted.

**B. Road Water and Sewer Report** by Chuck Grooms- RWS Commissioner FPOA was given by Jerry Stinson and was accepted.

### **Old Business:**

#### **1. Vote to begin shut off process for 2 properties/ lawyer's recommendations**

Account #1 Now \$2346.00 This account has been on hold for 18 months. The member was expecting finalization notice to qualify for grant money that would pay her FPOA bill for 2 years. The Board OK'd the non-payment of the account until the member received the grant payment.

This member has since died. It is rumored that the property is encumbered by a reverse mortgage, but there is no indication of that at the assessor's office.

Presently, there is a lodger at the residence. There are special laws for notifying lodgers which allow them the opportunity to put the bill in their name.

The second member's death is causing her balance to increase monthly. This member was under the care of the State through Medicaid which paid her medical bills and nursing home bills holding her property as collateral. This member's son felt the State would probably take all equity in this property in exchange for paying all the medicals bills incurred prior to her death.

There is no estate listed at the assessors office for these members which could be pursued for payment. Because both properties are held as individuals our lawyer's opinion was sought.

His recommendations were:

Our Bylaws do not authorize us to use liens to collect overdue dues. Our Bylaws could be changed to allow liens to be put on member's properties., but we would still have the same problem of serving a deceased member.

Because both properties were held as individuals, a probate could be opened. The filing fee would be \$435.00 and would need 6 months to one year to establish an administrator.

Our Attorney stated "Attorney fees will likely very quickly exceed what you are seeking to recover."  
"There is no easy answer here and I think you are going to spend more than its worth to have me try to figure it out."  
We can try to hold the successor responsible prior to allowing water service but this would need to be tracked down.



Juniper Street property had its water shut off 3 years ago. It was voted to put a lock on the line.  
A vote to pursue notice to lodger on Spruce St. if he is interested in putting the bill in his name was passed.

Dennis Jamason said according to our Bylaws, a membership can be separated from property for non-payment and made available to another property within our boundaries. State and or Federal laws may trump our Bylaws and not allow. A motion was made, seconded and passed to seek legal clarification of our Bylaws and other laws on this topic.

## **2. Discussion and vote on land purchase options proposed by Jim Mawhar for test well site**

Jim Mawhar is requesting a lease instead of purchase for his property, a land trade for the easement property at the top of Cedar St. as payment or minimizing the land purchase to only what is needed for the well site.

It was pointed out that with the state paying for the land it would behoove the town to not give up any land if not necessary. Also, our Bylaws do not allow the town to give up street and access properties.

Jim Mawhar would like to lease the property ~~or~~ retain ownership of the lot because with the well increasing the water capacity, the lot becomes more valuable. He had questions about how value would be established for his lot. He was referred to Bill Quiznell to answer these questions ASAP as this hesitation of selling the property will impede the forward progress of the well especially if we need to change locations.

## **New Business**

### **1. Vote to accept rate structure**

As a Mutual Water Company, one of our first requirements is that we set a service rate.

Our Bylaws require the monthly costs assessed to members to be categorized by these categories:

#### **1. Dues** Section 3.05 defines dues as Administration costs and all road costs including monies for road reserve fund (per Simon Porter Law Firm).

This category would include the cost of a book keeper or a town manager per our lawyer. Any increase of cost in this category must be agreed upon by a simple majority vote of the membership.

#### **2. Service Fees**-Our Bylaws allow the Board to set service fees without requiring the town to vote.

**BUT Corporate Law requires service fees to reasonably represent actual cost of service.**

Service fees for water and sewer includes assessments for each category.

#### **3. Assessments** are temporary charges for large unexpected projects. Section 3.06 of our Bylaws states Assessment require the approval of a simple majority before adoption.

All Loans or unexpected expenses require a town member vote and can not be adopted unless agreed on by the majority of members.

At this time, we have two loans (assessments). After payment is satisfied, these items will no longer be billed for the members to pay.

USDA loan of \$250,000 will be paid back in 2037 (\$13,588 / yr)

Estimated SWRCB Loan of less than \$40,000 will be paid back by 2021 (\$8,000/yr)

Presently, our monthly charges are all under the category of service fees.

Presently, the changes for roads, water and sewer are divided equally to be represented by 1/3 of our costs. This system does not meet our Bylaw or Corporate law requirements.

Because water and sewer fees need to represent actual costs, the average cost over the last 7 years was used. The same formula was used to calculate the administration and road costs averaged over the last 7 years.

According to Porter Simon law firm, there can be 4 categories of membership payments.

**#1 Membership only- no services.** Everyone that is a member must pay their equal share of administration costs (includes road costs and reserve fund monies).

It has been calculated that Administration and Roads only - represents 59% of our total town costs or \$80.00 of our present charge of \$135. So membership without water or sewer would cost ~ \$80.00

**#2 Membership with water service only-** The cost of providing water includes an assessment of 40% of our USDA Loan (The \$250K loan was used 60% for sewer improvements and 40% for water system improvements). The total water service fee is 25% of our monthly charge or ~ \$33.00  
So membership with water service should cost \$113.00

**#3 Membership with sewer service only-** The cost of sewer service is about 16% of our yearly costs or \$22.00 a month. Membership with sewer service only should cost ~ \$100

**#4 Membership with all Services \$135.00**

Corporations Code Section 14310-14318 requires undeveloped lots to pay an equal share of the costs.

A vote taken to verify this fee schedule for compliance with State law and our Bylaws.

Membership only	\$80.00
Membership with Water service only	\$113.00
Membership with Sewer Service only	\$100.00
Membership with all services	\$135.00

The motion passed unanimously.

**3. Executive Meeting Conclusions-**An executive meeting was held at 22257 Juniper St, just prior to the monthly meeting, to address the situation of an undeveloped lot that was improperly recognized to have a membership by the board in previous years and who's property is outside our water service area.

It was the obligation of the buyer and seller to do due diligence to know if what they were proposing was legal but was not done. It was the obligation of the Board to follow our Bylaws but this was not researched. This owner has been paying some portion of dues for years and lot owner would like to receive water.  
Because this property is outside our service area, the property would need to be incorporated into the town to legally receive water.

In the executive session it was decided 4-0 to have the town vote whether or not to change our Bylaws and Articles of Incorporation to include this property in our township.

A mail-in ballot will be sent out in the near future.

**Member Forum** There were no speakers presenting.

**Adjournment:** The meeting was adjourned at 8:00 pm.

**Next FPOA meeting date 2nd Tues of February; February 9th 6 PM at the School House**