



Terrace Lakes Water Company

A Member Owned Non-Profit Corporation

2023 ANNUAL MEETING MINUTES

Meeting Date: November 4, 2023 10:00AM
Meeting Place: Garden Valley High School, 1035 Banks Lowman Road, Garden Valley, Idaho
Board Members Present: Rolly Woolsey, President; Vice-President Chuck Steele; Mary Cordova, Secretary/Treasurer; Julie Stillman, At-Large
Also In Attendance: Kirtlan Naylor, Special Master; Subscribers

I. CALL TO ORDER

Board President Rolly Woolsey called the Annual Meeting to order at 10:12AM.

II. ESTABLISH QUORUM

- *President announces the total number of members present at the meeting, ensures a quorum of the membership is present and that the meeting may proceed.*

Board President Rolly Woolsey announced that a quorum of subscribers had been established to proceed with the Annual Meeting.

III. REPORTS

A. President's Report – Rolly Woolsey, President

Woolsey explained to the subscribers that he expected the meeting to be civil and courteous to each other when speaking. Woolsey continued that he had originally volunteered to be on the Board at the request of past President Largent. Since Largent's recent resignation from the Board, he was appointed to fill the position of President and the remainder of Largent's term.

Woolsey stated that the Water Company has worked very hard on behalf of the subscribers and have made many improvements such as a new website and providing monthly financial reports. Woolsey thanked Largent for his hard work during his tenure on the Board.

Woolsey informed the subscribers that TLWC had received an Emergency Community Water Assistance Grant (ECWAG) which we have been working on. A new Well #7 was drilled, but still needs some work to become a good producing well. To finish the project, we still need to complete the well house facilities, and the infrastructure to connect the well to the water system.

We received a grant in the amount of \$30,000 from the Idaho Department of Environmental Quality (IDEQ) to complete a new Water Facilities Plan. The Facilities Plan identifies

needed improvements to our water system and had not been updated since 2010. The plan was completed by our engineer, Mountain Waterworks, and has been approved by IDEQ. Having the updated plan in place makes us eligible to receive future funding for projects. With the Plan in place, we applied for and are now on the list to receive funding for over six million dollars. Three million seven hundred dollars of that is in the form of a grant, and the rest is proposed as a loan. Being such a small water company, we know it is hard to assume more debt, so we have engaged a company, the Rural Community Assistance Corporation (RCAC) to help us with a rate study and see if it is feasible to combine our existing loan into a new loan in order to decrease our monthly payments. We also received another grant in the amount of fifty thousand dollars to complete an inventory of service lines which has been mandated by IDEQ.

Woolsey continued that the Board is also working on a solution to the North Ridge Subdivision issue. He stated that we recently had a vote by the subscribers to amend the bylaws and incorporate the subdivision into our system. The subscribers voted against the amendment. IDEQ will not let us service the infrastructure. The subdivision developer, Lonnie Bramon, still has not turned the infrastructure over to the property owners in North Ridge. We need an agreement with the developer, or with the homeowners in order to make North Ridge part of Terrace Lakes Water Company. It is an issue we continue to work on.

B. Ongoing and Upcoming System Projects

Mountain Waterworks provided an informational handout which was distributed to the subscribers (see attached).

C. Financial Report

Board Secretary/Treasurer Cordova provided a written report to the subscribers (attached). She explained that the report reflects the current revenues and expenses to date, and it is not a full year. Cordova explained that as a result of receiving the ECWAG grant funding, TLWC will be required to complete a financial audit as we received more than two hundred fifty thousand dollars in federal funding. The cost of the audit will be paid for through the ECWAG grant.

Cordova informed the subscribers that a question she often heard is how much the water company has spent on legal fees. She stated that number could be found on the line item titled 'Professional Fees'. The amount in that line is \$23,508.40 in legal fees to date which represents the amount the water company has had to pay for legal representation in assisting Terrace Lakes Recreation Ranch receive a commercial water right. Cordova added that any legal fees that were incurred as a result of challenging the legitimacy of the current Board members was paid directly out of the current Board members pockets, and not from the TLWC funds.

Cordova echoed Woolsey's comments about the potential funding from IDEQ and stated that it is a once in a lifetime opportunity. TLWC ranked number five in the state on the funding priority list which is a huge accomplishment. In that regard, Cordova stated that it is important to know how much the company is in debt. She explained that that we currently owe \$71,506.09 to the National Rural Water Association, and \$1,018,384.86 to Mountain America Credit Union. Woolsey added that we will have to have another meeting with the subscribers on whether or not to incur more debt for any future projects, and hopefully by that time we will have more information from RCAC as to how it will impact our rates.

Cordova let the subscribers know that we also recently received a Source Water Protection grant, which does not have to be repaid, from IDEQ in the amount of twenty-four thousand dollars to abandon Well #2 and to place security fencing around some of our wells.

A question was asked by one of the subscribers if we would receive the project funding because of the water quality or the system quality. Cordova replied probably both, but it is not a result of being 'in trouble' with IDEQ. IDEQ just recognizes that our overall system needs a lot of work due to the age of the system.

IV. OPEN OR PUBLIC FORUM

(comments from the membership who signed in to speak – limit to 5 minutes per member)

Cameron McFaddan inquired as to the interpretation of an 'eligible subscriber'. He interpreted the bylaws to say that any lot owner is eligible for a vote and that the lot did not have to be connected to water. Special Master Naylor replied that his interpretation as after reading the bylaws and as pointed out in a memo provided (attached), and that due to a lack of documentation or records, only those lots that are currently connected and paying a bill has a vote.

Ilene Johnson stated she wanted to address the North Ridge issue. She stated the bylaws can be amended very easily to let them into the water system. There is documents that she just found last week from the engineer that there is an easement for the lines and a lease for the infrastructure. They published a letter that she wrote in 2006 that North Ridge would never be hooked up to the water system and it did not have a date on it. Johnson continued that DEQ and USDA declared North Ridge as part of the water system in 2008. Lonnie put in a well in 2006 and he gave it to the water company for one dollar. Because he was planning to supply water to the subdivision and it wasn't going to be part of the water company. The subdivision did not get completed until 2014, so there was eight years it took to put in the subdivision. This document prepared by the engineer for the easement and lease agreement, they just need to be recorded and the bylaws amended. It could be a very easy thing to take care of it. Johnson reassured all of the property owners of North Ridge that you are part of the water system; she does not care that the Board says you are not. DEQ and USDA says that you are, and she cannot believe that Terrace Lakes Water Board superseded a government agency to say North Ridge is not part of the water company.

Barney Lyons stated that he was the first resident in North Ridge Subdivision and hoped that someone would make a motion to amend the bylaws to add North Ridge to the water company.

Melissa Common stated that she is a resident of North Ridge Subdivision and this current Board relied on their votes to be on the board. They were allowed to vote then and did not understand why she could not vote at this time. TLWC Board Vice President Chuck Steele replied that it is not our fault that this issue is at hand. The Board has just followed all of the regulations and the Bylaws that were put into place by the previous board members. Melissa then asked if she had the right to make a motion to add North Ridge as she pays her bill every month and voted in the last election. Steele replied no. Special Master Naylor addressed Mrs. Common's question regarding eligibility of North Ridge residents to vote. He stated that there are two elements to be eligible. The first element is one has to be residing in one of the subdivisions listed in the bylaws. Mrs. Common does not reside in North Ridge subdivision which is not included in the bylaws, therefore she is not eligible to vote. Mrs. Common replied that the whole vote should be put off until North Ridge is added.

Carla Beckman said that she is confused about what is going on. She pointed out that if Ilene has the paperwork, why can't we make a motion to change the bylaws and add North Ridge today. Special Master Naylor replied that there is a process to do that. He was ordered by the Judge to go through Ilene's office, and based upon his inspection, there is no documentation to prove that North Ridge is part of the Terrace Lakes Water Company. It was recently voted on through a mail in vote which was authorized by the Judge, and the issue to amend the bylaws did not pass at that time. There will be an opportunity to vote on this issue in the future, however, it is not scheduled for this meeting. Mr. Naylor added that procedurally today, the vote for new Board members will not be put off as it is on the agenda and will go forward. Woolsey commented that half of our community is not here today, nor was it on the agenda to inform all subscribers. This Board is not against it, but all subscribers should be informed before proceeding with a vote to add North Ridge.

Jim Donoval stated that the bylaws do allow for an amendment to be made at a special meeting or annual meeting. He asked if there were any subscribers present who would be willing to make a motion to amend the bylaws to add North Ridge Subdivision.

A motion was made by subscriber Dave Nakashima and seconded by subscriber Trinia Richardson to amend the bylaws to add North Ridge Subdivision.

A motion was made by Chuck Steele and seconded by Julie Stillman to table the motion made by Nakashima until such time as every subscriber is notified and able to participate in voting for the amendment.

At the roll call:

Ayes: Woolsey, Stillman, Steele, Cordova

Nayes: None

The motion CARRIED.

President Woolsey asked for any further public comments.

Bob Bachman stated he does not like the direction this is going. He is a North Ridge resident and was the public works director for the City of Kuna. It is his experience that when someone purchases property in a platted subdivision lot, they are guaranteed to be provided with water. He stated that if an HOA is created it will affect his neighbors.

V. ELECTION

- *There are three (3) open seats on the TLWC Board of Directors. Seats C and D will be elected to serve a three-year term to expire in 2026, and Seat E will be elected to expire in 2025. Candidates with the two highest number of votes will be elected to Seats C and D, and the candidate with the third highest number of votes will fill Seat E.*

Woolsey explained that voting will commence, and proxies and ballots should be submitted at this time. When we have received all proxies and ballots, the Board will then count them and subscribers are welcome to stay and observe.

Voting was completed at 12:05PM with 129 proxies/ballots cast, and the Board, along with Special Master Naylor, began the count of all proxies/ballots submitted.

Counting of submitted proxies and ballots was complete at 1:40PM and the results were as follows:

Eric Britson	93
Cameron McFaddan	86
Tom Myers	86
Julie Stillman	64
Cindy Iverson	56
Merle Baptiste	20
Scott Dike	7

As a result of the tie vote for seats “D” and “E”, a coin toss was held. A toss of ‘Heads’ would represent the winner of seat “D” and a toss of ‘Tails’ would represent seat “E”. It was determined that Cameron McFadden would make the call, and he called Heads. The coin toss resulted in Tails.

The new Board members were elected as follows:

Seat 'C' expires 2026 - Eric Britson

Seat 'D' expires 2026 - Tom Myers

Seat 'E' expires 2025 - Cameron McFaddan

VI. CLOSING COMMENTS BY PRESIDENT

President Woolsey thanked everyone for their participation.

VII. ADJOURNMENT

A motion was made by Woolsey to adjourn.

With all in favor, the 2023 Annual meeting adjourned at 1:44PM.

DRAFT