

MT. SHERMAN WATER ASSOCIATION  
P.O. BOX 356  
JASPER, AR 72641  
(870) 861-5580  
Board of Director's Meeting  
Monday, October 11 2010  
5:30 P.M.

October 7, 2010

Dear Directors:

Enclosed please find board minutes, transaction report, director's report and revision to operating policy.

If you have any questions please feel free to give me a call.

Thank You,

*Karen Edgmon*

Karen Edgmon

|                |                    |                                |
|----------------|--------------------|--------------------------------|
| <b>Scribe:</b> | Odie J. Watts      |                                |
| <b>Date:</b>   | September 20, 2010 | <b>Time:</b> 5:30 PM – 5:45 PM |

### Board Members:

| Key | Board Member Attendees: Key: * Attended, # Absent | Phone    |
|-----|---------------------------------------------------|----------|
| *   | Bowen, Jim – BOARD PRESIDENT                      | 446-2171 |
| *   | Edgmon, Karen – CHIEF FINANCIAL OFFICER           | 861-5641 |
| *   | Lee, Koby – BOARD MEMBER                          | 861-5158 |
| *   | Reynolds, Ivan – WATER OPERATOR                   | 446-5352 |
| *   | Stivers, Betty – VICE PRESIDENT                   | 446-5744 |
| *   | Szabrowicz, Ben – BOARD MEMBER                    | 446-6007 |
| *   | Voshell, Calvin – BOARD MEMBER                    | 446-2270 |
| *   | Watts, Odie – SECRETARY / TREASURER               | 446-2838 |

### Customers and Guests:

| Key | Board Meeting Attendees:                            |
|-----|-----------------------------------------------------|
|     | No customers or guests were present at the meeting. |

### Minutes and Business Discussions:

| Agenda                                               | Main Points, Conclusions/Discussions, Decisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Call to Order                                     | Meeting was called to order by Jim Bowen, President at 5:30 P.M.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 2. Meeting Minutes                                   | Meeting minutes from the August 9 <sup>th</sup> meeting were reviewed and approved. Motion to approve Calvin Voshell, 2 <sup>nd</sup> by Ben Szabrowicz with no abstentions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3. Financial and Water Association Director's Report | Transaction reports for the periods July 1 through July 31. Nothing significant contained in the reports.<br>Motion to approve the reports – Calvin Voshell, 2 <sup>nd</sup> by Ben Szabrowicz. No Abstentions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 4. Water Operator's Report                           | Ivan Reynolds was not in attendance. No water operator report was submitted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 5. Old Business                                      | <ul style="list-style-type: none"> <li>▪ Action Item 53: Opened on 7/14/09 for Odie Watts to train meter readers on the use of the camera system to record meter readings. Item remains in work as of 8/10/09. No change in status of 9/14/09. No change in status as of 10/12/09. No change in status as of 11/9/09. No change in status as of 1/11/10. No change in status as of 4/12/10. Hold for July meeting. No change in status as of July 12<sup>th</sup> meeting. No change in status as of August 9 meeting. No change in status as of September 20, 2010.</li> <li>▪ Action Item 54: Opened on 10/12/09 for Ivan Reynolds to contact ESI and discuss the feasibility of continuing the Murray Extension project now that several customers have opted out of the project. No change in status as of 11/9/09. Item is almost complete pending acquirement of easements and decent weather. ESI want to start taking bids for project at the April, 2010 meeting. See new business regarding low bid for the project. Hold for July meeting. See above for status update under Water Operator's Report. As of August 9 meeting still working with ESI and ANRC. No report was made on September 20.</li> <li>▪ Action Item 55: Opened on 10/12/09 for Ivan Reynolds to put together a ball park</li> </ul> |

| Agenda          | Main Points, Conclusions/Discussions, Decisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 | <p>figure for supplying emergency power to the booster pump on Shiloh as a part of the emergency procedures and as noted in the comments of the recent Sanitation Survey. Still in work as of 11/9/09. No change in status as of 1/11/10. Estimates were presented at the 3/8/10 meeting. No change in status as of 4/12/10. Hold for July meeting. See action item 49 for more information. Board approved buying propane tank from Anderson. Will continue to work with Steve Lowder to procure 16x16 piece of property on which to set the tank and generator. No change in status as of September 20,2010.</p> <ul style="list-style-type: none"> <li>▪ Action Item 57: Opened on 7/19/10 for Ivan Reynolds to purchase and install 14 one inch meters to tighten up leak detection within the system. Item in work as of August 9 meeting. No change in status as of September 20,2010.</li> <li>▪ Action Item 59: Opened on 8/9/10 for Odie Watts to change Operating Policy to reflect a minimum payment of \$50 plus current month's water usage charges when a customer's account has not been paid in full each month. Changes will be presented during the October 11<sup>th</sup> meeting.</li> <li>▪ Action Item 60: Opened on 8/9/10 for Odie Watts to write a letter to Steve Lowder requesting a 16x16 feet piece of land on which to place a generator and propane tank to supply emergency power to the well pump. Will continue to work with Steve Lowder to determine the cost of the land.</li> </ul> |
| 6. New Business | No new business was discussed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 7. Adjournment  | Meeting adjourned at 5:45 P.M.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 8. Next Meeting | <b>NOTE MEETING START TIME: The next meeting is scheduled for October 11, 2010 at 5:30 PM at the Mt. Sherman Volunteer Fire Department main station.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

### Action Items for Discussion and Update at Next Meeting:

| Item No. | Opened Date | Description                                                                                                                                                                               | Assigned To   | Target Date | Status  |
|----------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|---------|
| AI53     | 7/14/09     | Odie Watts will begin training meter readers on the use of the camera system.                                                                                                             | Odie Watts    | 5/10/09     | OPEN    |
| AI54     | 10/12/09    | Ivan will contact ESI and discuss the feasibility of continuing work on the Shiloh Extension project now that several customers have opted out. See new business.                         | Ivan Reynolds | 11/9/09     | IN WORK |
| AI55     | 10/12/09    | Ivan will put together a ball park figure for supplying emergency power to the Booster Pump at Shiloh as part of the emergency procedures and comments made during the sanitation survey. | Ivan Reynolds | 11/9/09     | IN WORK |
| AI57     | 7/19/10     | Purchase and install 14 one inch meters to tighten up leak detection within the system                                                                                                    | Ivan Reynolds | 8/9/10      | IN WORK |
| AI59     | 8/9/10      | Change Operating Policy to reflect a minimum payment due when a customer's account is not paid when payment is due                                                                        | Odie Watts    | 9/13/10     | OPEN    |
| AI60     | 8/9/10      | Write a letter to Steve Lowder requesting a 16x16 piece of land on which to install a generator and propane tank for emergency well pump power.                                           | Odie Watts    | 9/13/10     | OPEN    |

## Transaction Report

9/1/10 Through 9/30/10

| Date    | Num  | Description                    | Memo                | Category                 | Clr | Amount     |
|---------|------|--------------------------------|---------------------|--------------------------|-----|------------|
|         |      | BALANCE 8/31/10                |                     |                          |     | 28,297.81  |
| 9/2/10  | 4188 | USPO                           |                     | Postage and Delivery     |     | -257.60    |
| 9/2/10  | 4189 | Ivan Reynolds                  | water operator      | Maintenance              |     | -43.00     |
| 9/2/10  | 4190 | Karen Edgmon                   |                     | Contract Labor           |     | -981.50    |
| 9/2/10  | 4191 | Karen Edgmon                   |                     | Rent                     |     | -75.00     |
| 9/2/10  | 4192 | Newton County Times            |                     | Public Notice            |     | -70.00     |
| 9/2/10  | 4193 | Mistler's Furniture            |                     | Office                   |     | -488.00    |
| 9/7/10  | DEP  |                                |                     | Water Sales              |     | 1,510.43   |
| 9/9/10  | DEP  |                                |                     | Water Sales              |     | 3,648.59   |
| 9/15/10 | EFT  | F H A                          |                     | Loan                     |     | -1,020.00  |
| 9/16/10 | DEP  |                                |                     | Water Sales              |     | 2,834.41   |
| 9/16/10 | 4194 | Dept. Of Finance & Adm.        |                     | Sales Tax                |     | -734.00    |
| 9/16/10 | 4195 | Red Rock Construction          | Mt. Sherman/Leak    | Contract Labor           |     | -585.00    |
| 9/16/10 | 4196 | Jim Culber/Buffalo River Ra... |                     | Maintenance              |     | -100.00    |
| 9/16/10 | 4197 | Ivan Reynolds                  | Low Gap/Leak Gravel | Maintenance              |     | -212.91    |
| 9/20/10 | 4198 | Leslie Daniels                 | meter reader        | Contract Labor           |     | -200.00    |
| 9/20/10 | 4199 | Leslie Daniels                 | meter reader        | Maintenance              |     | -75.00     |
| 9/23/10 | EFT  | AC Ritter                      |                     | Utilities:Telephone      |     | -33.89     |
| 9/23/10 | EFT  | AC Ritter                      |                     | Utilities:Telephone      |     | -33.80     |
| 9/24/10 | DEP  |                                |                     | Water Sales              |     | 4,415.32   |
| 9/24/10 | EFT  | Carroll Electric               |                     | Utilities:Gas & Electric |     | -11.96     |
| 9/24/10 | EFT  | Carroll Electric               |                     | Utilities:Gas & Electric |     | -124.80    |
| 9/24/10 | EFT  | Carroll Electric               |                     | Utilities:Gas & Electric |     | -2,200.34  |
| 9/27/10 | 4200 | Ivan Reynolds                  |                     | Contract Labor           |     | -1,100.00  |
| 9/27/10 | 4201 | Ivan Reynolds                  |                     | Maintenance              |     | -30.00     |
| 9/28/10 | 4202 | River Valley Win Works         |                     | Maintenance              |     | -566.81    |
| 9/28/10 | 4203 | Fabri Clean Supply             |                     | Maintenance              |     | -1,529.33  |
| 9/30/10 | DEP  |                                |                     | Interest Inc             |     | 2.33       |
| 9/30/10 | DEP  |                                | meter deposit       | Transfer                 |     | 75.00      |
| 9/30/10 | DEP  |                                |                     | Water Sales              |     | 624.01     |
| 9/30/10 | 4204 | Charles Daniels                |                     | Refund Of Meter Deposit  |     | -38.11     |
| 9/30/10 | 4205 | Steve Lowder                   |                     | Refund Of Meter Deposit  |     | -29.09     |
| 9/30/10 | 4206 | John Otto                      |                     | Refund Of Meter Deposit  |     | -9.71      |
|         |      | TOTAL 9/1/10 - 9/30/10         |                     |                          |     | 2,560.24   |
|         |      | BALANCE 9/30/10                |                     |                          |     | 30,858.05  |
|         |      | TOTAL INFLOWS                  |                     |                          |     | 13,110.09  |
|         |      | TOTAL OUTFLOWS                 |                     |                          |     | -10,549.85 |
|         |      | NET TOTAL                      |                     |                          |     | 2,560.24   |

MT. SHERMAN WATER ASSOCIATION  
 Director's Report  
 For the Month of September 10  
 Printed: 09/28/10 19:51

DISTRIBUTION EFFICIENCY SUMMARY

|                              | Gallons   | Percent |
|------------------------------|-----------|---------|
| Water Supplied to System     | 1,766,900 | 100.0%  |
| Water Sold to Customers      | 1,335,050 | 75.6%   |
| Utility Use (fire, flushing) | 0         | 0.0%    |
| Water Unaccounted For (lost) | 431,850   | 24.4%   |
| Average Use Per Account      | 4,198     |         |

SUMMARY BY SERVICE

|          | Water   | Sewer | Fire<br>Dues | Trash | Other | Sales<br>Tax |
|----------|---------|-------|--------------|-------|-------|--------------|
| Charges  | 9099.25 | 0.00  | 0.00         | 0.00  | 95.40 | 650.18       |
| Average  | 28.61   | 0.00  | 0.00         | 0.00  | 0.30  | 1.96         |
| Active   | 318     | 0     | 0            | 0     | 317   | 331          |
| Inactive | 17      | 335   | 335          | 335   | 18    | 4            |

ACCOUNTS RECEIVABLE ANALYSIS

|                                  | Amount    | Accounts |
|----------------------------------|-----------|----------|
| Balance Due BOM (begin/Month)    | 18,197.79 | 323      |
| Credit Balances BOM              | (793.70)  | 18       |
| Debit Balances BOM               | 18,991.49 | 305      |
| Payments                         | 12,989.76 | 287      |
| Charges for Services             | 9,844.83  |          |
| Penalty Charges                  | 679.67    | 56       |
| Adjustments                      | (128.61)  | 7        |
| Total Delinquent EOM (end/month) | 3,679.69  | 27       |
| Delinquent EOM (30-60 days)      | 693.45    | 16       |
| Delinquent EOM (60-90 days)      | 519.60    | 7        |
| Delinquent EOM (over 90)         | 2,466.64  | 4        |
| Credit Balances EOM              | (789.00)  | 18       |
| Debit Balances EOM               | 16,392.92 | 305      |
| Balance Due EOM                  | 15,603.92 | 323      |
| Disconnections                   | 0         |          |
| Disconnected & Uncollected       | 0.00      |          |
| New Customers Added              | 0         |          |

*Janon  
Fears  
Klissin  
Carm*

1. **Water Testing Fees** shall be set by the Arkansas Department of Health and passed on to the MSWA members on a pro-rated basis.

## **SECTION II – Billing and Payment**

1. **Payment of Monthly Water Bills:** without a penalty is the 22<sup>nd</sup> day of each month following that for which the charges are applicable. The postmark is evidence of the date mailed and payment must be postmarked on or before the 22<sup>nd</sup> day of the month to avoid a late payment penalty of 10%.
2. **Late Payment Notices:** will be sent out on the 24<sup>th</sup> day of the month and payment must be received by the last day of the due month or the meter will be pulled on the 1<sup>st</sup> day of the next month unless prior arrangements have been made through the MSWA office.
3. **Late Payment:** may be paid when the Water Operator arrives to pull a meter, the member may pay the bill in full (including the late fee) and pay the Water Operator a fee of \$25.00 and the meter will not be pulled. Repeated occurrences may result in an increased meter deposit, at the discretion of the Board of Directors.
4. **Delinquent Accounts:** *as of August 8, 2010 by resolution of the Mount Sherman Water Association Board of Directors:* when an account has a delinquent balance the member is required to pay a minimum of \$50.00 per month toward the delinquent amount due plus the member must pay for water used during the normal monthly billing cycle. Failure to pay the minimum of \$50.00 toward the delinquent balance plus the amount due during the normal monthly billing cycle will result in the water meter being pulled. Should service be discontinued for failure to pay it will not be reinstated until the unpaid balance has been paid in full. The delinquent account will be charged a \$25.00 fee for pulling the meter and the Board of Directors will determine the cost of reinstating service after the outstanding balance due on the account has been paid in full.
5. **Circumstances Preventing MSWA from Providing Water:** will entitle an applicant to a full refund of the membership and deposit. Refunds will be made within 15 days of the submission of the application.

**Billing Adjustments for Water Leakage:** where a water leak on a member's line and the leak is buried so as to be difficult to detect, MSWA will adjust the price of water to the amount it cost MSWA to provide the water. In order to receive this adjustment the member must have the leak repaired by a licensed plumber and the plumber must attest that the leak was such that detection without excavation would have been difficult, especially if there is not noticeable water on the ground surface. This