

**Q Mountain Vista HOA/Water Company
Board of Directors Meeting / Nov. 14, 2016 3:05 PM
Senior Center, 40 Moon Mountain Road, Quartzsite, AZ**

Call to Order and Verification of Quorum Present

Mike Glover, President
Val Stoker, Vice President
Margaret Cookston, Secretary
Cathy Siler, Treasurer

Minutes of Oct. 20 2016 Open Board of Directors Meeting were approved.

Following the approval of the Oct. 20, 2016 meeting minutes, Ms. Winscom interrupted and stated that Association Members need to be more informed. Citing and reading CC&R Article VI, Section 6 she expressed that the loan application for the water pipeline replacement exceeds the 10 year limit for Special Assessments and the Board cannot propose an assessment exceeding 10 years without the 2/3 approval from a vote of the membership.

President Glover explained that the recent vote was to use the infrastructure and commons (streets and Spring St. well lot) as security towards the loan that will be used for the pipeline replacement. **A loan to fund the Pipeline Replacement / Improvement Project IS NOT a special assessment to the Homeowners. The loan will result in an increase to the cost of water for Water Customers and will not result in a separate assessment to the lot owner.**

Treasurer Report

Account Balances as of Nov. 11, 2016:

Water Company

Operating Funds =	\$11,254.35
Savings =	\$ 9,740.33
Total =	\$20,994.68

HOA –

Operating Funds =	\$17,335.37
Money Market Account -	\$10,602.12
HCB Road -	\$51,011.75
Total Checking/Savings -	\$78,949.24

Combined Cash-- \$99,943.92

Water Bill Explanation

- Handouts of the Town of Quartzsite Water charges and the charges currently imposed from our water company were distributed.
 - President Glover provided a line by line description and explanation of charges from the water bill, emphasizing that the surcharges are the result of increases the Town imposes on us. He further explained that the bill has a DUE date and a SUBJECT TO CUTOFF date. Water customers should pay their water bill by the DUE date and not the SHUTOFF date as additional charges will be incurred. Additionally, sufficient notice is given in accordance with ACC rules and if the bill is not paid by the SHUTOFF date, the water will be turned off.
 - It has been customary for our Office Manager and Board personnel to actively pursue, through telephone calls and personal visits, to the residence in an effort to collect payment for past due water bills and prevent discontinuing the service. This has become very costly and will be discontinued. Therefore, water customers who do not pay their bill, or contact the office to make arrangement to pay by the SHUTOFF DATE will have their service discontinued.
 - Cost for reconnection during business hours is \$50 - if needed after hours add \$45
 - To ensure service is not disconnected, pay water bill by DUE DATE

- To ensure bills are received for timely payment UPDATE ADDRESSES upon your arrival or departure. You may also elect to receive billings via EMAIL NOTIFICATION - As a reminder; emails may go to the receivers junk folder.
- Meters are read as close to the last day of the month and bills are generally mailed within 5 business days of the reading. PLAN AHEAD
- Payment Options -
 - ✓ bill pay through financial institution
 - ✓ estimate cost and pay ahead

Update on Water System Infrastructure Replacement

President Glover provided a recap with a display of all of the supporting documents for the actions taken to reduce / resolve the water loss:

- The water supply was hooked up to the Town of Quartzsite in 2009. The agreement between our water company and the town involved our purchasing of the construction to bring the water from Kuehn via a Special Assessment. There is also an operation and maintenance agreement where the town agreed to help us locate leaks, the potential for them to assist with a Water Operator, however, other than a onetime assist with pipe repair, the town has not cooperated or provided any assistance to our water company.
 - Water loss of more than 10% is required to be reported to the Arizona Corporation Commission (ACC). The report must include what the company is doing to reduce the loss, or provide a cost benefit analysis showing why reduction is cost prohibitive.
 - Water loss reports submitted for 6 month reporting periods from the last 18 months show an average of 34%; 35%; and 36% respectively. This shows that the water loss continues to increase.
 - The documentation and history of water leak repairs dating back to 2010 was shared. The documentation included costs incurred for machinery, labor, and parts. These repairs did not result in any improvement to the water loss.
 - 2014 BOD Appointment of Mr. Glover to the Water Loss Committee and the findings:
 - Received a System Evaluation Report dated April 2014 revealing that during 2011 National Meter and Automation Incorporated conducted leak detection study and were unable to find the exact location of leaks. The report recommended:
 - ❖ Stop looking for leaks.
 - ❖ Develop a stage 2 Disinfectant and Bi-product (DBP) sampling plan.
 - ❖ Develop a written bacti plan; emergency operation plan; and vulnerability plan.
 - ❖ Construct a security fence around the perimeter of the piping and valves coming into the property.
 - ❖ Replace or retrofit current piping for the system.
- The committee agreed to stop looking for leaks and:
- ❖ contacted leak detection agency for bid to do another test. Testing was too costly (approximately \$100,000 per mile of pipe)
 - ❖ met with Quartzsite City Town Manager for assistance with bacti testing, protection of the meter from extreme temperatures and possible contract for water leak repairs. The response from Mr. Miller was "don't bring your problems to us..." No help was ever offered or provided.
 - ❖ Though it was reported by the BOD that "someone" wanted to purchase the Water Company, the Committee findings supported there was no interest in 3rd party purchasing the water company
- Proposal to the BOD to replace dilapidated system
 - Presented Resolution #1504 for approval to apply for grant funding for the Planning, Design and Technical Assistance to prepare a Preliminary Engineering Report. Resolution passed by unanimous vote; \$35,000 in grant funds was awarded and the Preliminary Engineering Report was completed.
 - Presented Resolution #1509 for approval to submit an Application for Rate Increase to pay for the loan proceeds needed for the project. Resolution passed by unanimous vote and the application was prepared and submitted to the ACC. Notice of this application was mailed to all water customers June 1, 2016.

After submitting this application President Glover was contacted by a representative for Mayor Ed Foster requiring him to return to Arizona and attend an emergency meeting regarding the water company. Mr. Glover attended the meeting and was pressured by Mr. Foster to "give" the water company to the Town of Quartzsite so he could place a well at our abandoned well site on Spring Street. Mr. Foster expressed his desire to coordinate with the State to trade the Town's interest in the Colorado River Project (CAP) for the State to drill the well. Mr. Glover refused to entertain the idea of giving the Town the water company and was told to attend another meeting with State Representatives the following Monday. Accompanied by Ms. Cookston, Mr. Glover attended the meeting. When discussing the actions being taken to eliminate the water loss with State Representative from the Arizona Department of Environmental Quality, it was confirmed that the actions being taken are what is needed to correct our water loss problems.

- Prepared and distributed the ballot for the electorate to vote on the use of the new infrastructure and well lot on Spring Street as security for loan proceeds needed for the pipeline replacement. The voting results were 71% in favor, 29% opposed.
- Presented Resolution #1604 for approval to submit a Financing Application to allow the Water Company to take on the debt. Resolution passed by unanimous vote and the application was submitted to ACC. Notice of this application was mailed to all water customers Nov.15, 2016. **NOTE: Loan proceeds IS NOT A SPECIAL ASSESSMENT against any homeowner. The Water Company will take on the debt. Method of repayment of this debt is outlined in Financial Reports that are included in this application.**
- Presented Resolution #1603 for approval to submit an Application for loan proceeds to the Water Infrastructure Finance Authority (WIFA) for the purpose of funding the project. Resolution was passed by unanimous vote and the application was submitted to WIFA.

All of these documents are available in the Office for review by any Association Member. Because space is limited in the office, it is requested that anyone wishing to review these documents contact Kolleen for office space availability.

- The Project is prioritized by WIFA as the #6 project to be completed in 2017
- The Project has been given the Designation as Disadvantaged Community for WIFA funding

QUESTION:: Mr. Wendt requested clarification about the scope of the upgrade and replacement, asking if our company would be a separate water district. President Glover explained the classification of the Water Company and its relationship with the Town of Quartzsite. Our company, Q Mountain Vista Water is a public water utility, subject to the rules and regulations of the ACC Utilities Division. Mr. Glover explained that if approved, all pipelines, meters, and valves will be replaced and a well, pump, storage tank and fire hydrants will be the upgrades.

Although the preliminary design of the project provided in the Engineering Report estimates the cost of the project at \$1.6M, the actual cost is unknown because:

1. it is unknown at this time what part(s) of the project will be approved for funding
2. the application of any reductions resulting from the designation as a Disadvantaged Community is unknown.

Once this has been decided, ACC will determine an appropriate rate increase to the water service that will allow the Water Company to repay the debt.

COMMENT: Ms. Winscom stated that she had been told previously that the water in the well could not be blended. Mr. Glover explained that he has consulted with both the Engineer and the retained Water Attorney to ensure blending could be accomplished. Blending the well water is allowed if it is "good" water, so testing the well water is necessary before a final decision is made.

QUESTION: Mr. Cifuentes asked the following questions -

1. Is the loan going to be secured by any individuals property? **ANSWER - NO. If the loan is approved, the infrastructure, (pipes, valves, meters, well, storage tank, etc.) and the**

commons areas the infrastructure is installed in, (roads, Well Lot on Spring Street) will be used as the security for the loan proceeds.

2. What happens if someone doesn't pay? **ANSWER - The current consequence for non payment of your water bill is that the service is discontinued. This will not change with the new water system. The water will be shut off if payment is not received. Additionally, pursuant to CC&R Article V Section 5.2, the lot cannot be used as a residence if all utilities are not connected.**
3. How much is going to be added to the bill? **ANSWER - The worst case scenario that has been determined by our Accountant is an increase in the service fee (meter fee) from the current \$17.00 plus the surcharge of \$1.11 (\$18.11 total) to \$53.00 with no surcharge. This is the estimated cost for a company without the designation given to us as a disadvantaged community. It is anticipated that the cost will be less. This is outlined in the Compilation Report prepared by an independent Certified Public Accountant and is included in the Finance Application.**
4. How much was spent to beautify the wash? **ANSWER - During the monsoon season last year the wash backed up and started to wash out Spring Street. It was necessary to take action to clear the debris and rubbish and reinforce the wash banks to channel the water away from the property and down the wash where it belongs. The cost was approximately \$5,000 for all of the labor and materials. Please note however, that a considerable amount of the labor to remove the debris and rubbish was contributed by Mr. Glover at no cost.**

QUESTION: Ms. Beach asked if there are any figures available for the cost to repair the roads upon completion of the water replacement project. **ANSWER -** The costs of road repairs is discussed following the completion of the discussion regarding the water replacement project.

COMMENT: Ms. Winscom stated that at the time the wells were contaminated, the Town of Quartzsite had rights to the aquifers that exist at the 1200 foot level. **RESPONSE:** At this time, drilling to that level it is not being considered.

Next Steps

- Obtain costs to have the well tested for water quality and costs associated with treating the water if necessary.
- ACC approval/disapproval of the Financing Application
- WIFA determination for project funding
- ACC establishment of appropriate water rate increase
- After approvals, the project will be advertised for bid
- Bids will be reviewed and approved/disapproved by WIFA
- Projected shovel in dirt date of July 1, 2017 - Details are outlined in the Basis of Design Report prepared by NCS Engineers.

QUESTION: Mr. Martin asked the following questions:

1. why are we spending money on a well when we have all these other water problems. **ANSWER -** the well is part of the overall project and the water problems will be corrected when the project is complete.
2. How are you going to do all of that *inaudible*...**ANSWER -** It only costs \$300,000 to put in the well.
3. Why *inaudible*...**ANSWER -** That makes it \$1.3 million we would still have to contract for emergency water supply. Not rehabilitating the well only reduces the cost that much. We pay Quartzsite \$1300 each month for water that we don't use and don't know where it's going. Even if we were not losing any water, we still have to pay Quartzsite their established rate for the meter and water used. By producing our own water we will only have to pay for the electricity used to pump the water and will eventually pay for itself. This is a long term approach to secure water for the future.
4. *inaudible*...**Over the course of the study, suggestions have been to replace meters, replace shutoff valves, find the leaks, fix the leaks. We have fixed the leaks, when you start replacing valves for the replacement of isolation valves it is not feasible. Our system includes 2 inch lines. Pursuant to Arizona Department of Environmental Quality, all water lines must be at least 4 inches. The new system will include two 8 inch lines to**

accommodate the fire hydrants, all other lines will be 6 inch with service lines going to the property.

COMMENT from an identified member: The reason we hooked up to the city is because the well located where the office is (Emerald St.) was contaminated and the well on Spring St was still good. So, it shouldn't be a big deal to get that well going again. **RESPONSE** - That is our hope but we need to get it tested.

QUESTION: Mr. Wallingford asked that since this project will take federal dollars, are there going to be a lot of regulations that have to be met? Are fire hydrants required because of these regulations: **ANSWER** - Q Mountain Vista Water is a public water system. Installing fire hydrants is a standard that must be met by the Arizona Department of Water for a drinking water system. The importance is not only for the safety of the community, but hydrants are also tools for flushing the water system to ensure it is operating correctly. The system is a "looped" system that will prevent any "dead end" pipes. The only dead end is at the southwest quadrant where a hydrant will be available to flush the system. This is further described in the report provided by NCS Engineers.

COMMENT: Mr. Wallingford commented on his experience with pipelines, etc. and expressed concerns regarding the "looped" system. **RESPONSE** - The BOD encouraged him and others to review the Engineering Reports. The BOD has employed NCS Engineers to conduct all necessary tests and develop a design that is in accordance with all federal and state requirements.

Roads

- Since the water project is nearing completion it is time to begin researching the costs and options for replacement of the roads. Volunteers for anyone with information or experience with road repairs, costs, etc. were requested. **NO VOLUNTEERS OR OFFERS TO HELP FROM THE ATTENDING MEMBERS.**
- Seal coating has proven to be unsuccessful and is supported by the fact that the most recent application along Connor has already begun to deteriorate. When the HOA is ready to repair / replace the roads, it should be completed with new asphalt and in a manner that will last. \$51,000+ has been saved and designated towards this expense. Also, \$56,000 is designated for road repairs in the pipeline replacement, however, it is unknown how we will be directed to use it. Clenega, Hacienda and Hagley Loop are the roads that the HOA must provide ingress and egress for the properties to the south of Hagley and the RV Park, therefore, it is recommended that these roads be given priority for repair.
- Recognition that it costs money to operate the HOA, i.e., administrative costs associated with billing, accounts payable, accounts receivable, taxes, insurance, operation of an office dwelling, maintenance of roads and other commons areas, etc.the BOD requested an increase in dues.
 - ✓ Resolution 1605 to increase Dues \$5 month or \$60 annually was passed by unanimous vote.

COMMENT: Ms. Siler commented that in her capacity as Treasurer she has reviewed past budgets and that for the prior 2 years the HOA paid \$23,000 each year to patch the roads. If those funds had not been used to patch the roads, the HOA would have nearly \$100,000 in the road fund.

COMMENT: Ms. Winscom stated that the funds were not used just for road patch, part was used to repair the portion of Connor, Hagley and Byrd.

COMMENT: Mr. Glover clarified that repairs to Connor, Hagley and Byrd was seal coating and that form of repair is not long lasting, describing that Kuehn was seal coated this spring and at the first rainfall where flooding of the wash was experienced, the road was already washed free of the seal coat, yellow markings, etc., further supporting that when the roads in our subdivision are repaired, it should be done to a standard that will be lasting and can be maintained .

Implementation of Fines

In October 2013, the BOD sent notice to all HOA members to inform them of their decision to implement the assessment of fines in accordance with CC&R Article XI Section 11.3 for violations under Article V *Use Restrictions*. These have been reprinted and signed by the 2016 BOD for distribution with these minutes.

COMMENT: Mr. Smith asked why the Board is looking at cars on lots and not the weeds on lots. **ANSWER** - fines for non compliance of clearing weeds from lots is included in the document.

QUESTION: Ms. Smith asked if she were buying property in the community, does the BOD have the right to open her gate and check her property when I am not home? **ANSWER** - Pursuant to CC&R Article V, Section 5.19 *Right of Way and Right To Enter*, During reasonable hours Declarant, any member of the Board of Directors, or any person authorized by any of them, shall have the right to enter upon and inspect any Property and the Improvements thereon, except the interior of a Primary Residence, for the purpose of ascertaining whether or not the provisions of these Covenants, Conditions or Restrictions, the Association rules, and the Constituent Documents are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry for such purposes.

All efforts are made by the BOD to ensure property owners are present when performing property inspections, however, at times it may be necessary to inspect the property when the owner is away. Mr. Scott requested an inspection for a property he purchased. Mr. Glover and Mr. Stoker inspected the property and found no violations.

QUESTION: Ms. Smith asked where the building (shed) was located. **ANSWER** - The shed was not mentioned in the inspection because it was not located on the property that was being inspected. The BOD is pleased that Mr. Scott moved it as it was in violation of the setback lines. Generally members wait to receive a letter from the BOD requesting they take action to become compliant with CC&Rs.

COMMENT: Mr. Scott clarified that because he is running for the BOD he did not want the CC&R violation so he moved the shed.

COMMENT: Ms. Zuelsdorf explained that when property sells there is a requirement to inspect it for violations of the CC&Rs. She submits the paperwork to the BOD for the inspection. In the case of the property purchase by Mr. Scott, the request for inspection was given to Mr. Glover. There was no request submitted for inspection by a property owned by Ms. Smith.

Dan Siler submitted a request to speak at the meeting and was placed on the agenda. Mr. Siler introduced himself as the husband of BOD Treasurer, Cathy Siler. Mr. Siler explained that he wanted to share his observations and comments regarding the accomplishments of the BOD and to answer some questions he has been asked about the BOD over the last couple of years.

1. How much do the board members get paid?

Answer absolutely zip. On the contrary, BOD members spend hundreds of their own dollars and countless hours to make themselves available to attend meetings and support the membership.

- One of the major accomplishments of this BOD was to reduce the amount spent in the office. Prior to this BOD, the office manager was paid \$20 per hour for regular hours and \$30 per hour for anything over 8 hours. This employee worked on average 40 hours per week and was given paid holidays, paid vacation and paid sick leave. Our current Office Manager works an average of 24 hours per week at \$11 per hour and completes all of the required office tasks within that work week. She accomplishes more in 1 part time work week than the prior Office Manager completed in 3 full time work weeks.
- These BOD members have traveled on their own time, and at their own expense to take advantage of classes and workshops offered on different HOA topics.
- Several questions and/or comments have been said regarding the turtle signs, the bench located outside the office and the Announcer sign at the entrance of the Park. It is not widely known by our members, but the turtle and boat launch signs were donated by Mike Glover, the bench located outside the office was a gift to Mike Glover from Stan Carlson whom is not a resident of our Park

and two separate \$1,000 donations along with labor was donated to install the Announcer Sign at the entrance of the Park.

It is the responsibility of the BOD to ensure the owners adhere to the CC&Rs. Probably the hardest one of all. The CC&Rs were established and voted on by the HOA Membership to be the rules and regulations to maintain property values and protect our investments. When considering whom to elect to the BOD we need to consider who is going to best represent our interests, who is going to be honest and trustworthy? Who is going to take our money and do the best thing with OUR money? Who is going to apply the CC&Rs fairly and consistently?

- From 2009 until 2015 we erroneously paid Transaction Privilege Tax to the Town of Quartzsite. It was not until this BOD researched why we were paying that it was corrected. It took several trips to Phoenix and several hours from this BOD preparing and submitting tax returns that allowed us to recover approximately \$7,500 in overpaid taxes. Because of the statute of limitations we could only recover 4 years worth of overpayments. However, because of their diligence, we continue to save \$200 each month.
- Part of the process for the applications submitted by Mike included an audit of the books to ensure the money is being spent properly. Anyone wishing to review the HOA and Water Company accounts are welcome to visit the office with a Board member and they will gladly show you.

COMMENT: Ms. Staberg expressed gratitude for Mike Glover's efforts to clean the ditch along Q Mountain Parkway and Cienega. Though this is not our property, he took initiative to clear the brush and debris because during the last rainstorm water backed up and flooded the road. Since the town would not do anything to eliminate flooding, Mike did.

2017 BOD Candidates

- **Mike Glover** - I will continue to look for ways to save money, be a steward of the members money in a positive and honest way. I like to be open with my business and accept to have you call me. The office phone has been forwarded to me on weekends so water emergencies can be addressed quickly. I want to see the HOA move forward in a positive direction and I am running again to remain on the Board.
- **Margaret Cookston** - I'm not sure how long I have been doing this, but being a Board Member is quite an educational process. I want to support Mike who has been doing his best to ensure we are not being taken advantage of. I want us to be proud of our neighborhood, keep it clean, and want to encourage others to have pride in their lot. Let's be the "light" in our neighborhood.
- **Cathy Siler** - I have been the Treasurer for the last 2 years. I worked with Mike to recover the overpaid TPT taxes. Worked with Mike to obtain grant funding. I worked to modify and reduce the costs in the office. I want to ensure the members are informed about where their money is spent. I have assisted with training, billing, I have overseen the office to ensure there is checks and balance with accounts payable. I just want contribute to do a good job and have our community be a good place to live.
- **Nancy Winscom** - I have served on the board for over 8 years and trust me, nothing was done to cheat the people. It was the membership that voted to reimburse the prior Office Manager for the time she put in. There were no checks written where there was not a Board Member signature, and I dislike hearing a lot of the stuff because I know it's not true. The current Board does not know it was not true and are only assuming because of what was going on in the office. If you feel that what they are saying is right, then maybe you should not vote for me. The reason I stayed on the board was because of the homeowners, for what was best for Q Mountain. I served with a lot of Board Members that are no longer with us and I don't like to hear that they were corrupt because it is not true. They were audited every year. I dislike hearing the "over the fence" talk and have tried to encourage them to stop because they don't always know what is contributing to the condition. I care about the homeowners, and don't like to hear neighbors bad mouthing each other. I resigned last year because of personal problems and could not commit to the time.
- **Elaine Eberly** - I just want to see the subdivision grow and do what we can to make it better.
- **Melvin Staberg** - I've served on the Board before and like where we are going with this Board to fix the water system. I want to be on the Board to continue to make it better than we already are.

- **Dave "Bear" Collier** - I have been here longer than all of you. I bought one of the first lots in the subdivision. I have seen every board, and have served on the Board. My experience is that I am currently the Chairman of the Planning and Zoning Commission and Neighborhood Watch; Vice-Chairman of Health and Development Committee, Board Member of Chamber of Commerce. I have a lot experience working with people and I would like to throw my two cents worth in and see if I can help this Board out to continue on with the projects of the water and roads. I am worried about the bottom line. The bottom line is what our property will be worth in the long run because sooner or later we will want to sell it. When I sell it is it going to be worth anything? It's going to be worth something when we fix the water problem, and it's going to be worth something when we fix the roads, so we need to do it right in order to make that happen.
- **Ricky Scott** - I probably don't know hardly any of you. I don't get around much but there are people from my neighborhood that I recognize. I believe that everyone should get a chance to vote on everything and put in their opinions.
- **Jorge Cifuentes** - I want to join the board again. I want to help whoever is there. When I was on the Board before, Mike would call me to help him because I live here year round. I am here to help. I want to help.
- **Cletus Winkler** - I have lived here for about 3 1/2 years. I think we are headed in the right direction with the water and taking care of the lots. I served on the Board of Directors for the Credit Union for 20 years and was Chairperson for 2 years. I worked in the timber industry and construction and hope you elect me to the Board of Directors.

Ballots are anticipated to be mailed Nov. 28

- Pursuant to By-Laws Article III Section 2 Election of Directors:
...every member of the Association, in person or by proxy, shall have the right to vote the number of votes he is entitled to cast for as many persons as there are directors to be elected, or to accumulate said votes and give one candidate as many votes as the number of such directors multiplied by the number of his votes shall equal, or to distribute them on the same principle among as many candidates as he may choose, all in accordance with Section 10 of Article XIV of the Constitution of the State of Arizona.

Every lot is entitled to cast one vote for the number of Directors to be elected. There are 5 Directors to be elected, therefore, every lot may cast one vote for each of 5 different Directors, or cumulate their votes and cast 5 votes for one Director; or use the same principle to cast their votes among the 5 Directors elected.

General Membership Meeting

Scheduled Jan. 17 at the Senior Center, 40 Moon Mountain Road

Comment: Ms. Wigton expressed that when she and her neighbors bought their property many years ago everything was run by the Byrd's. There was not one property owner, homeowner on the Board. They had one meeting a year and all the business was conducted by the Byrd's. They were never allowed to make decisions. They owned all the property and we didn't have any rights. Until all the property was sold, we were not allowed to do anything, we were not allowed to be on the Board. This has been an ongoing event for years and I have to say from my heart that this is the best Board we have ever had.

Meeting Adjourned 5:10 p.m.