

COMPTON WATER ASSOCIATION
Monthly Meeting Minutes
Held at Compton School, Compton Arkansas
April 12, 2010 7:00 p.m.

Meeting called to order by Allen Armer, Secretary confirmed there was a quorum.
In attendance: Alexa Davis, John Berry, Allen Armer, Clark Shaver.

MINUTES OF LAST MEETING: They were handed out prior to the meeting, read by all members; no corrections or additions; motion was made by Alexa, second by John to accept them.

SPECIAL SEGMENT: Attorney Gail Inman Campbell attended our meeting, introduced herself and gave some background information about her experience. Prior to the meeting a list of questions was submitted to her so she could research the answers:

1. CORPORATE STATUS: Gail checked our corporate filing at Secretary of States Office and found an update needed to be made on our filing. We need a new registered agent, update on address, etc. A physical address is required. It was determined that Allen Armer would be the registered agent and his address would be submitted as the physical address required.
2. INVESTIGATION: Regarding the prior board and any possible action that could be taken for their alleged inappropriate actions. Gail said we have the right to reverse anything they did; we would want to ask for an investigation from the prosecutor's office and see what charges could be filed because we are a public trust and whatever crime was committed it was against the state of Arkansas not an individual person. She can write a letter to the prosecutor on our behalf and that this board will cooperate fully with any investigation. Regarding the question, does this current Board have any liability; Gail submitted case examples where it could be possible; she suggested carrying an errors and omissions insurance policy to cover the current board.
3. BOARD MEMBER PERSONAL LIABILITY: Gail thought Board members would not be personally liable for the transactions of the board, unless any of the money was found to have gone into the personal accounts of any board member.
4. FORMING A NEW CORPORATION: Gail doesn't recommend forming a new corporation; the best that could be done is to form a new board. Dissolving and reforming a new Board wouldn't be feasible with the government loans and regulations which govern a non profit corporation.
5. LEGAL PROCESS OF COLLECTING WATER BILLS: She recommends that we use a collection agent (such as PCM) rather than an attorney due to the cost of litigation. The question was raised; what does it cost to file a lien on a property: Gail said it was very difficult to get a lien filed; the only way to do it is file a lawsuit and getting a judgment against the property owner. Arkansas has a homestead law that a judgment doesn't attach to your homestead (property) however, a judgment does become attached to the property owner, not the property, and whenever the person may go to sell or refinance the property then the debit can possibly be recovered. This process is done through small claims court in Newton County and the Board can represent itself; cost to do such is approx. \$50.00 for filing and \$20 to \$50.00 for service per collection.
6. PRIOR BOARD DECISIONS: Gail recommend a motion be made that any decisions made by the prior board that were against the current by laws be considered void and not

adopted or affirmed by this current Board of February 2010; adding to the motion that this Board may or may not know what those decisions were because records haven't been turned over or they are missing. MOTION RECOMMENDATION: "Any actions taken by the previous Board are not affirmed by this current Board." A motion was made by John Berry and second by Darryl Villines that any actions, directions or decisions made by the previous Board are not affirmed by the current Board.

7. INVESTIGATION CONTINUED: Allen asked Gail if she could originate a letter writing campaign to any legislative or political authority or leader that has an ear to the needs of this Board; and to respond or negate any prior letters written by the previous Board to stop, defend or absolve any attempt to investigate its actions. Gail recommends going to the FBI to bring the legislative audit to its attention. In addition she recommends asking for another (full) audit and to understand where this Board stands on these issues and how to rectify these situations and to gain restitution. She recommends also that this Board talk to every public official available to us regarding this investigation. If we don't get any satisfaction on a criminal investigation then there is always the possibility of civil action against anyone who may have involvement in this whether criminal or negligent actions are implied. Gail suggested; MOTION RECOMMENDATION "authorizing her to write a letter requesting a full and extensive investigation of any possible criminal activity by any employee or prior member of this Board and it's actions and that she is authorized to send the letter to any state, local, official and or law enforcement agency that she feels should have it."
8. WORKMEN'S COMP INSURANCE: Gail says to get and obtain workmen's comp insurance even or 1099 contract labor; the definition of 1099 contract labor is vague and to protect Compton Water it should be carried.

BOOKKEEPERS REPORT: Submitted by bookkeeper, Veronica Oitker. A Profit and Loss Statement from January 1 to the present was submitted. Report is attached.

SW BOONE MEETING: Allen submitted a report of a meeting with SW Boone that was attended by Clark Shaver, Veronica Oitker and Allen Armer, also present was the Board of SW Boone and Bill Rowland of FHA. The recommendations of that meeting were: a rate increase was needed; information in the Boards possession from the prior Board was not reliable, rate survey is needed. Bill Rowland was present. A budget recommendation was submitted by Compton Water to them.

John Berry addressed an inevitable rate increase; a rate increase can be mandated by FHA through a rate survey (already in progress), a rate increase is about saving this water company. John Berry addressed the debt incurred by this water company:

SW Boone	\$169,336	Includes penalties
	3,842	Includes penalties
Truck	1,150	
FHA Loan 1	92,396	
FHA Loan 2	3,355	
FHA Loan 3	24,175	
FHA Loan 4	127,202	
USDA	70,000	Past due 2008, 2009, 2010

MOTION TO TABLE RATE SURVEY UNTIL NEXT MEETING: Motion made by John Berry to table vote on rate increase and rate survey until May 11, 2010 meeting, second by Alexa Davis, motion passed.

FIRE DEPARTMENT PAYING FOR WATER: Discussion was had on fire departments paying for water. Fire Chief was at the meeting to address the Board; he brought up that the community needs fire hydrants put in, homeowners insurance will increase if we don't have good water flow available, this fire department is class 9. He reported there is on the average one house fire per year that the fire department reported what they use and the average water use is about 15,000 gallons per year. MOTION WAS MADE by John Berry that for non emergency purposes the fire department will pay for the water, emergency status will not have a water charge to the department, second by Clark Shaver, motion carried.

CHARLES CLARK: Charles wanted to say he appreciated the functions of the Board and everyone's efforts to put the water company back in order; he added he was glad to see the truck back at the well house for day to day use.

PAYMENT BOX: Motion was made by John Berry to reverse the previous motion to put the payment drop box at the well house and to do away with it completely, second by Alexa Davis, motion carried. Rationale: if drop box were to be broken into, then the break in would be on the well house property and that would mean the health department would have to be called and report made.

SECURITY OF AREA: Motion was made by Alexa Davis to install a security light, second by Clark Shaver, motion carried. Discussion was had regarding the brush behind the well house and it being cleaned out for visibility, Allen Armer will visit with Mr. Cook (adjacent property owner) about clearing the fence line.

BACKHOE OPERATORS: Reschedule discussion regarding backhoe operators and their charges to CWA for a leak.

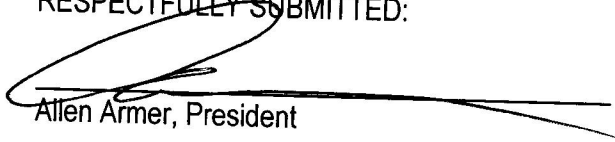
PAY PLAN FOR DELINQUENT: Allen Armer submitted (for consideration) a pay plan for delinquent accounts. He wanted the Board to study the plan and John Berry suggested that the plan be compared to the By Laws to be sure they coincide. MOTION MADE by John Berry to table the matter until the next meeting, second by Clark Shaver, motion carried.

COMPLAINT: Complaint was made against the Water Operator, Allen Armer addressed the matter with the Complainant and Bill Olsen and found that it was not grounded, though there was written response made to the complainant.

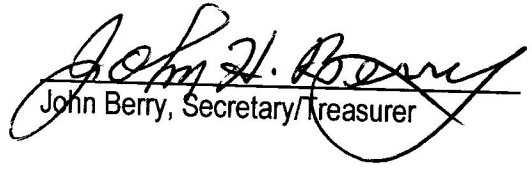
CHECKING ACCOUNT: A motion was made by John Berry and second by Darryl Villines that a 3rd person be added to checking account for check signing and that person is Alexa Davis, motion carried.

PREVIOUS BUSINESS CONDUCT: A motion was made by Allen Armer and second by John Berry that

RESPECTFULLY SUBMITTED:



Allen Armer, President



John Berry, Secretary/Treasurer

Compton Water Association, Inc.
Balance Sheet
As of April 27, 2010

	Apr 27, 10
ASSETS	
Current Assets	
Checking/Savings	
Bank of the Ozarks	11,728.81
Total Checking/Savings	11,728.81
Accounts Receivable	
Accounts Receivable	450.00
Total Accounts Receivable	450.00
Total Current Assets	12,178.81
TOTAL ASSETS	12,178.81
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
USDA Rural Development Loan	15,072.00
Total Accounts Payable	15,072.00
Credit Cards	
Chase Card Services	28.00
Total Credit Cards	28.00
Other Current Liabilities	
Southwest Boone Water Assoc	-3,000.00
Total Other Current Liabilities	-3,000.00
Total Current Liabilities	12,100.00
Long Term Liabilities	
ARKANSAS NATURAL RESOURCES	
Arkansas Natural Resources 1	74,825.00
Total ARKANSAS NATURAL RESOURCES	74,825.00
Total Long Term Liabilities	74,825.00
Total Liabilities	86,925.00
Equity	
Opening Balance Equity	-79,971.26
Unrestricted Net Assets	-11,648.72
Net Income	16,873.79
Total Equity	-74,746.19
TOTAL LIABILITIES & EQUITY	12,178.81

11:25 PM

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Accrual Basis

Compton Water Association, Inc.
Profit & Loss
April 1 - 12, 2010

	<u>Apr 1 - 12, 10</u>
Ordinary Income/Expense	
Income	
Reconnect Fees	150.00
Water Sold	11,440.59
Total Income	<u>11,590.59</u>
Gross Profit	11,590.59
Expense	
CONTRACT LABOR	
Brad Olsen	-190.00
Luke Atkinson	60.00
Total CONTRACT LABOR	<u>-130.00</u>
Contract Services	
Arkansas One Call	11.40
Arkansas Rural Water Assn.	25.00
Total Contract Services	<u>36.40</u>
Operations	
Telephone, Telecommunications	87.70
Utilities, Electric, Gas	303.26
Water Works	40.00
Total Operations	<u>430.96</u>
S W BOONE Water	9,443.20
SALES TAX	1,610.00
VEHICLE	
Insurance	998.00
Total VEHICLE	<u>998.00</u>
Total Expense	<u>12,388.56</u>
Net Ordinary Income	<u>-797.97</u>
Net Income	<u><u>-797.97</u></u>

DISTRIBUTION EFFICIENCY SUMMARY

	Gallons	Percent
Water Supplied to System	1,547,140	100.0%
Water Sold to Customers	1,082,260	70.0%
Utility Use (fire, flushing)	2,500	0.2%
Water Lost	462,380	29.9%
Average Use Per Account	3,393	
Accounts Using Water	319	

SUMMARY BY SERVICE

	Water	Sewer	Trash	Other1	Other2	Other3	Sales Tax
Charges	13,772.84	0.00	0.00	101.10	0.00	0.00	1,039.43
Count	338	0	0	337	0	0	338
Average	40.75	0.00	0.00	0.30	0.00	0.00	3.08

ACCOUNTS RECEIVABLE ANALYSIS

Balance Due on April 2010 Bills	25,493.79	347
Credit Balances	-422.06	14
Debit Balances	25,915.85	333
Payments	-14,608.22	301
Adjustments	-59.30	26
Balance after Payments and Adj	10,826.27	68
Current	1,552.36	24
30 to 60 Days Old	9,248.74	42
60 to 90 Days Old	0.00	0
Over 90 Days Old	25.17	2
Penalty Charges	389.97	100
Charges for Services	14,913.37	338
Balance Due	26,129.61	