

DRAFT

BCLHOA ANNUAL MEETING MINUTES

Meeting called to order by President Ron Robinett at 2:01PM

All board members present

Approval of Minutes

June 29-July 1, 2020 virtual minutes Motion to accept minutes by Lorna, Second Tim . Unanimously approved

Aug 13-Aug 17 virtual minutes Motion to accept minutes by Lorna, Second Pat. Unanimously approved

Financial Report - Pat Nagy

HOA account - \$3125

Water Company savings -\$1000.00

Water Company Income to date : \$24,667.93 Total expenditures to date \$27,782.93

Deficit for 2020 **-\$7363.87**

Water Company Report - Terry Quillin

New 3rd 10,000 gallon storage tank installed this summer and donated by Betty McRae. Thank you again Betty for your generosity to the community.

Fortunately we have had no emergency expenses due to leaks or flooding this year.

We no longer need to use the 0.35 filters and after thorough cleaning of the LT2 Filters they can be reused one time ,saving us about \$1000 per month;.

The Water Company is exploring much needed improvements and expect to try to secure a loan to cover the following :

- Automation of the Pump house and infrastructure improvements- at a cost of about \$20,000 including, automatic tank fills, new centrifuge process to remove large particles in creek water before treating with alum, automatic chlorination and turbidity checks.
- Replacement of 10 water meters - \$5000
- Reburying to a deeper depth pipes along sections of Rocking Horse Bend, Big Als Run at bottom of hill, and a section along Burnt Point.- \$21,000
- The Water Company is currently working with the Arizona Corporation Commission regarding a much needed rate increase. The last increase was in 2003. All expenditures from 2019, all expenditures for plant additions since 2003, and the needed future improvements that are outlined above have been submitted to the ACC for review. They have been very cooperative and indicate a decision regarding their recommended rate increase will be forthcoming in several months.

Summary of proposed amendments to the original Articles of Incorporation and accompanying new by-laws for the Bonita Water Company Utility Cooperative.- Board members and Terry Lystra

The original founders of the Bonita Creek water company filed paperwork intending the water company to be a non profit. The state granted this status but not the IRS, thus the Water Company has been paying taxes for the last 20 years.

In an attempt to remove this mismatch between the IRS and the AZ Corporation Commission, remove the confusing error of non-existent shareholders, and remove the burden of unwarranted taxation of a

water utility entity, the BCLHOA has entered into an effort to make a change in the name, the structure, and tax status of the BCLHOA. They sought the advice of expert legal counsel, who suggested the BCLHOA change its name to the Bonita Creek Water Company and request its tax status be changed to a Utility Cooperative. In this situation the users of the water services are essentially the owners.

The Amended Articles of Incorporation for BCLHOA are before the AZ Corporation Commission to clarify exactly what the mission of its new named Bonita Creek Water Company will be and how it should be taxed as a Utility Cooperative. When these are approved, the Amended Articles will be published in a local paper for public notification and an application for Cooperative tax treatment as a Section 501 (c) 12 will be submitted to the IRS. We anticipate the entire process to be approved and completed by January 1, 2021. Starting in that new year, the Bonita Creek Water Company will be fully functioning as a Water Utility Cooperative.

The BCLHOA will NOT DISSOLVE, nor undergo any relinquishment of its assets or rights under the law. This is only a name change, a change in tax status, and a change to a Cooperative. The original FEIN will remain and the entity will serve the very same Community water users as it has for thirty years. These small changes, however, will remove existing confusions and will fulfill the charter that was originally intended by the founders. It will also remove the unwarranted tax burden the entity has borne since its founding.

Several questions were fielded by Terry Lystra and he will contact the attorney to clarify and answer the questions to those property owners.

Moving Forward

The Bonita Water Company will be only a utility cooperative where all water users are voting members.

Would the community like to have a new community association, and if so what would this association be responsible for? Suggestions included Annual Community Firewise Accreditation, continued use and access to the Perley pit, communications with Gila County regarding road maintenance issues, road signage, addressing cattle issues etc. It will be up to the community members to decide if they want a community association and if so, how it will be organized and run. The Board encourages all to contribute suggestions.

Firewise update.

A 5x10' trailer has been constructed, in part, with donations for use by community members. Please contact Tim Mattison if you are interested in using it or donating to its construction.

Perley pit use protocols have changed. All BCLHOA members have unlimited use of the pit through their annual dues. A small donation is requested for those who are not members. As always, contact Lorna Glaunsinger for access to the pit.

This year we have 46 properties that have been firewised with over 400 volunteer hours. Great job! Please report your hours and expenditures to Lorna no later than the end of September.

Election Results:

Tim Mattison and Pat Nagy have been elected to their terms until the end of the year.

Community Comments:

Bill Glaunsinger mentioned anyone wanting information regarding installation of solar panels to generate electricity to contact him. He is very pleased with his install and APS currently owes him money this summer.

Meeting Adjourned 3:30 PM