

**MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
OF THE  
WHITE MOUNTAIN SUMMER HOMES  
WATER IMPROVEMENT DISTRICT**

**September 20, 2024**

A regular meeting of the Board of Directors of the White Mountain Summer Home Water Improvement District of Navajo County, Arizona was held on Friday **September 20, 2024** in the Maintenance Building located at 2950 Aspen Loop in the White Mountain Summer Home Subdivision, Pinetop, Arizona. **Chairman Ladigo** called the meeting to order at **8:00 AM** and upon roll call the following Directors/Guests were present:

P. Ladigo, Chairman  
M. Pace, Vice Chairman  
J. Suft, Treasurer  
M. Lacey  
T. Strasburg  
R. Thompson Office Manager

**Approval of Minutes**

**Chairman Ladigo** called the meeting to order with a quorum and asked if there were questions or comments before approving the minutes from **August 16, 2024**. Director Lacey commented that the minutes should reflect that Vice Chairman Pace called the August meeting to order and not Chairman Ladigo as indicated. The motion was then made by Director Pace and a second by Director Lacey. Motion carries.

**Operations Report**

Operations Manager Deming was not present. Director Pace inquired about well 5 and when it was going to be reconditioned. Director Lacey responded that he is in the process of reviewing all of the documents and material on well 5. He is in contact with the Hydrologist or Hydro Geologist and also believes there may be funding available to us with this type of project.

In Operator Deming's absence, Chairman Ladigo will request to have a written report provided by email, of what Operations Manager Deming had planned to discuss. He should also include meter life span and information on the faulty meters.

**Financial/Treasurers Report**

Director Suft informed the Board that he met with Chairman Ladigo to discuss the WID reserve accounts and the well payment, including the upcoming renewal on the loan. Director Suft asked the Board to view line 109 on the balance sheet that is the overflow account. He went on to explain that he and Chairman Ladigo discussed closing out that account and transferring the money into other accounts. He suggested that the WID complete the following financial transactions:

1. Move \$34,000 from the \$151,000 in the overflow account and deposit it into the operating reserves account line 107. This will increase that account to approximately \$300,000, which is essentially what it takes to operate the WID annually. This will leave \$117,000.
2. Of the \$117,000 it is suggested that we transfer \$70,000 into account line 103 used for the well payment. \$70,000 pays the principle on an annual basis with the current rate. This will leave \$47,000.
3. Of the remaining \$47,000, it is suggested that we put it into the National Bank Money Market account, line 101.
4. One of our CD's has \$39,000 and will be maturing in late October. We will roll this into a new CD along with the \$47,000 from NBMM line 101.
5. Chairman Ladigo added that our loan with BMO is due to be renegotiated in December. It is tied to what used to be called, LIBOR rate and has since been changed to what is referred to as a SOFR rate. We don't know what that rate will be. We are currently paying about 5% on the loan. The rate will likely increase. We need to be able to have money to move into our well payment account that will cover one year. The outstanding principal is roughly \$600,000. There is a 1% penalty to pay it off early, which may also be renegotiated.
6. Chairman Ladigo asked the Board to consider an increase to the water base rate of \$10 per month. The increase would bring in almost \$280,000 over a 5 year period. We could designate that money to pay off the loan, as an option. We have not raised any rates in the last 10 years.
7. Lastly, Director Suft included that the P&L outlines a \$48,000 net income for the previous year. Our net income has dropped but we have not been funding our reserves with this money, as we have in previous years. This is outlined in the net income year to year history provided. If we liquidated all of our CD's today, we would have an additional income of \$9,200 due to the value of the interest rate.

Director Pace offered his concern about future projects and reserves not meeting the cost of major repairs, such as replacing main lines when the time comes.

Director Lacey announced that he has been researching and looking into the Safe Drinking Water Act and Clean Water Act through the EPA. There is a potential source of capital for doing projects. It's also maybe an option for a project that we apply to have them fund. We might be able to renegotiate the loan through that and use it as a link. He added he is pulling together some information and will forward to the Board. The current rate to participate in this is about 3%.

Chairman Ladigo entertained a motion to make the suggested financial transactions by Treasurer Suft. Director Pace seconded the motion and the motion carries with no objections.

### **Office Management**

Chairman Ladigo requested that Office Manager Thompson discuss recent findings with meters during the billing process. Office Manager Thompson confirmed there have been and are some concerns about some meters that are not reading correctly and/or registering water consumption. Once completing the billing process a zero-read report is generated and there recently have been some red flags. Through knowledge of some of the homeowner patterns of use, it was apparent that meters had stopped working. Request was made to Operator Deming to investigate. Some of the meters were found to be in need of replacement and had been replaced. However, following another cycle of readings and billing, the same meters read zero or minimal water use. Again, this raised a flag and was immediately communicated with Operator Deming, who realized there was an issue of meters being programmed to read only after thousands of gallons were used. Once the meters were reprogrammed, Office Manager Thompson considered that there are likely more meters that are also working but programmed wrong. Some of these meters are already on the radar and indicated on a spreadsheet that she has prepared.

After finding out that there is a minimum 2-hour charge by White Mountain Utility for any service provided it was decided to prepare a list of potential bad or meters needing programming updates. Additionally there are meters that have exceeded the life expectancy. Mr. Strasburg suggested that we implement a policy that designates replacing a meter after a specified amount of gallons. Replacement meters need to be programmed correctly.

Director Lacey inquired if we have the manufacturer and model of all of the meters and we do. There will be specifications for the factory life span of those meters. Look those up and build the policy around the technical data from the manufacturers. Chairman Ladigo added it's not good if we are losing thousands of dollars in water due to bad meters or meters not programmed correctly. Office Manager Thompson already questioned why the Club had been getting free water so we replaced meters and begun billing.

Office Manager Thompson continued with accounts receivable are a bit higher than usual due to growing pains with the new auto pay system being activated.

Office Manager Thompson continued that the receipt from Navajo County was received for the lien that was placed on 3278 Strawberry Hill, lot 406 for \$4575.90. Also, a certified letter was sent to Shawna Chapman on lot 434, along with the application and statement that was requested and discussed in a previous meeting.

Chairman Ladigo brought up that the customer at Lot 406 requested that his meter be removed because he did not need water to the home because the home is vacant. Chairman Ladigo agreed to have the meter removed and billing suspended when the lien was placed. Mr. Strasburg inquired about interest and we are currently not applying late fees. The discussion about late fees originated in a previous board meeting and was tabled, requiring additional review. Chairman Ladigo suggested that we get through the last billing for the year and then when we begin the billing next year late fees will be applied and communicated to the homeowners beforehand.

Director Lacey questioned how we will handle lot 406 when water service resumes in the future. Office Manager Thompson referenced Resolution 9 and read portions to the Board. Chairman Ladigo requested to change the wording of Resolution 9 to enable the WID to recover fees for the base rate charges on any meter that is removed. Director Lacey interjected it would be from the cessation of service until reconnection, reflecting what the fee was for the time being charged. The seller would be required to disclose in closing escrow documents. The WID will notify the WMSHA when a lien is filed and when a meter is removed. The base rate will also need to be updated in Resolution 9. Office Manager Thompson will provide the Board with suggested language changes to Resolution by email for review and approval.

**New Business**

Chairman Ladigo revisited a discussion that had been tabled at a previous meeting, regarding an increase to the monthly base rate. He continued that he ran figures with an increase of \$10 times 465 meters, over a 5-year period, is \$279,000. It would be an ideal time to adopt this with our upcoming winter billing that pre-bills 6-months. Director Suft noted that we are still in that lower third of base rate charges in the state for water companies.

Chairman Ladigo asked the Board to consider if at some point we need to finish or re-finish the inside or outside of our two water holding tanks, it would be a significant cost.

Mr. Strasburg suggested that the District may want to track the metered water sales income to match the annual operating expenses. This should be done over a period of a couple of years to smooth out the water rate to get closer to the expense. This would be a way to improve your operating system. The base rate should be regarded as infrastructure. The annual operating for water sales should come close to meeting the average annual expense. Chairman Ladigo explained that in our accounting system, maintenance is part of the expense and is the biggest expense. That figure isn't consistent and includes all of the reconditioning of the wells.

Chairman Ladigo asked if anyone had questions or comments about an increase. Director Pace entertained a motion to increase the monthly base rate by \$10, effective October 1, 2024. Director Suft seconded and the motion passed unanimously. In the next billing, we will announce the increase for the following billing cycle. Additionally, justification as to why we have an increase, will be included in the newsletter that will go out prior to the increase taking effect.

**Old Business**

No old business.

**Executive Session**

No Executive Session was held.

**Call to Public**

No comments from the public.

**Announcements**

Unless otherwise directed the next meeting will be in April, 2025, date TBD, at **8:00 AM** in the Water District Office located at 2950 Aspen Loop.

There being no further business to come before the board, Chairman Ladigo called for an adjournment of the meeting. Meeting adjourned at **9:26 AM**.

Respectfully Submitted,  
Robin Thompson