

SEVEN LAKES WATER ASSOCIATION, INC.

Board Meeting Minutes–May 17, 2022

The meeting was called to order AT 6:30PM by Board President, Kim Gudgel

IN ATTENDANCE:

Board Members: Kim Gudgel, Adam Bursell, Ron Crow, Greg Jensen, Craig Thomson, Marc Lebeau

Employees: Paul Lucas

ABSENT: Bruce Black

GUESTS: Ron Erue, Cheri Klotz, Jason Bodger, Kendra Bodger

MINUTES:

The minutes for the April 15, 2022 meeting were approved unanimously; motion by Craig Thompson, seconded by Marc Lebeau.

NEW BOARD OFFICER:

Kim nominated new member, Marc Lebeau to be the Secretary/Treasurer. The motion was seconded by Craig and a unanimous vote was taken. Marc agreed to record the minutes from this meeting.

TREASURERS REPORT:

Profit & Loss Report was distributed at the meeting by Paul Lucas. Some Board members expressed continuing concerns with the vagueness of some of the entries. Paul was unable to clarify the ambiguous information.

Kim brought up the issue of a long-overdue annual budget. Said there had not been one developed for this year. Craig mentioned that there were details spelled out in State documents that were required to be included in an Annual Budget. Kim suggested that we form a committee to develop a Budget. Nominated himself, Adam, Paul, and Craig to be on that Committee. Suggested that we meet separately to do this.

WEBSITE REPORT:

Adam reported that there were no major changes from what was reported last meeting. Also mentioned that the Contractor had a few questions which Adam was able to respond to. Kim asked if the Board Meeting Minutes are being posted. Paul was unsure. There was also a question about whether or not we had posted some additional FAQs. Kim asked Paul to look into it. There was some discussion about the Association's Official Logo. Paul offered to send pictures of the logo that is already on the Association work vehicles.

MANAGERS REPORT:

Paul reported on new meter installations. Approximately 30 meters have been installed this month. He said a good (rough) estimate on the total would be

approximately 525. (About 23%) He said that he and Eric are doing the installations and they were averaging about 70-80 per week.

Paul mentioned that there were three accounts at Key Bank that required updated signatures. They included a Money Market account, a Checking Account and a Credit Card account. He also said that there was a Safe Deposit box containing Easement Documents. The Board agreed that the required Resolutions should be signed by the Board. Craig moved to approve, Ron seconded, approval was unanimous. They were circulated and signed by present Board Members.

Paul reported that they had one report of a high Coliform reading in Wenberg County Park. Retest came back satisfactory. No further action required.

OLD BUSINESS:

Kim distributed copies of the DRAFT Employee Handbook that he and his wife Theresa had drafted using the Arlington Policy Handbook as a model. The document is 47 pages in length. Kim pointed out that the DRAFT now has sections on “Progressive Corrective Action,” and a “Dispute Resolution Process.” Kim suggested that we hold an Executive Board Meeting to review the document. Kim asked that the Board Members review the document and we would adopt by exception. (i.e., spend time only on areas where there is disagreement or a need for change). Kim agreed to accept and consolidate all emailed comments from fellow Board Members.

The topic of Salary Plans came up. There is a section in the DRAFT Handbook that addresses it, but it only mentions Performance-based incentive or bonus payments. This issue will be fully addressed as the draft is reviewed.

Paul mentioned that he has Position Descriptions for review.

NEW BUSINESS:

Adam asked about a new Meter Reader, and Kim asked about a temporary bookkeeper to help Ms. Bodger get the accounts better organized. Paul mentioned that he has been given the authorization to hire a “Meter Reader/Maintenance” person—but has not yet advertised the position.ii

Greg recommended an individual with a business bookkeeping and accounting background (not forensic or investigative). Paul and Kim were unanimously authorized by the board to meet with this individual to discuss how she could assist the Association on a temporary/contract basis. (We shall call this individual “The Organizer” in the remainder of these minutes.)

Adam asked about hiring a forensic accountant to review the finances over the last 4-5 years. A POLL WAS TAKEN and nobody was willing to attest to full confidence in the numbers, but none of his fellow Board members thought there

was malicious activity. Marc agreed to meet with Ms. Bodger individually to review some of the financial data in person.ⁱⁱⁱ

Greg questioned the outcome of hiring a forensic accountant. If we can't answer the following three questions, then he feels Adams recommendation about hiring are sound:

1. Where are we financially at this moment?
2. What steps do we need to take to get better organized for the future?
3. What things should be included as we develop an annual budget?

Kim asked Adam and Greg to research firms that conduct forensic accounting.^{iv} Craig suggested that we take a two-pronged approach: First hire "The Organizer" effort to help with book-keeping and then secondly, have a secondary audit performed. That action was voted on and was unanimously approved. Adam wanted the Board to pursue the Forensic Accountant regardless. The Board voted on that: 2 yes, 3 no, 1 abstain.

Paul mentioned a Checklist that would be helpful for the Secretary/Treasurer when conducting informal audits. Paul mentioned that there were three actions that should be divided between the employees as a means of providing "Checks and Balances" to financial transactions: 1. Receiving/reviewing checks received, that get sent to "Bill Master." 2. Receiving and reviewing Bank Statements, and 3. Taking deposits to the bank. Kim asked if the last audit had been complete. Paul said that the auditor paused the process due to conflicts with Tax Season and would start again soon.^v

Adam said that he had received three different reports last month and they differed slightly. Marc suggested that perhaps a remedy for the version control issue was that there were too many recipients of reports, and it should be narrowed significantly. He volunteered to be the collection point for reports coming to the Board.

Kim noted that information provided to the Board prior to the meetings should be: Minutes from last meeting, Agenda for upcoming meeting and Financial Statements, that Ms. Bodger provides. Kim said that these documents should be sent to Board Members NLT (no later than) the Thursday before the following Tuesday meeting in order to provide ample review time.

Kim mentioned that Meter Readings should be performed about the same time each month. However, he noted that an inordinate time was being devoted to corrections by previous readers to meter readings. Paul mentioned that Eric was capable of getting all the meters read in a 3-day period.

Kim brought up the issue of security cameras, explaining why their use would be beneficial. There was some discussion that such a system should not only include the exterior of the facility but also cameras in the lobby. Perhaps this can

be accomplished with a 4-camera system, with two outside and two inside. The motion to proceed was voted on and it was unanimously approved.

OPEN DISCUSSION:

Adam felt that the decision by the Board President to mediate a dispute between Ms. Bodger and Mr. Hentila was a violation of the by-laws, stating that outcomes of such OUTSIDE meetings have to be unanimous and in writing, and approved by the entire Board. Kim explained that in the absence of the manager (Paul was making funeral arrangements for his mom), he had another Board member present, and the meeting and its outcome were documented, and document placed in both employees' files. He said the urgency of the situation required immediate action and it was taken in the spirit of meeting Association goals. Marc mentioned that there are plenty of other things in the By-laws that are not being followed (i.e., Membership Certificates that are supposed to be distributed and audited by the Secretary/Treasurer) which is not being done.

Guest Discussion:

Mr. Jason Bodger questioned the Board as to why his wife's written complaints about intimidating actions by Mr. Erue were not taken for action. Mr. Erue spoke up, defending his actions as "non-intimidating," saying only that he was requesting information that should have been available. Mr. Bodger argued that his wife was afraid to come to work as a result.

Marc suggested that perhaps the discussion (while remaining reasonably respectful) seemed productive, it was probably not a topic best suited for the board to discuss as a group. Kim suggested that it was something that probably should have been addressed by the Manager when it happened.

ADJOURN: 8:15 PM

Secretary/Treasurer Comments: Applying the standards outlined on pg. 18 of The Water Board Bible, (Ellen G. Miller, et al. - 1995 Revision) for the conduct of board meetings, we probably scored a 63 out of 70, which it rates as, "You are superstars: Your Board could hire out for TV commercials."

Submitted by: Marc Lebeau, Secretary Treasurer

ⁱ ACTION ITEM: Paul & Kim – Validate the source of the two values that were questioned. Due: By next meeting.

ⁱⁱ ACTION ITEM: Paul – Post the position for hire. Due by next meeting.

ⁱⁱⁱ ACTION ITEM: Marc – Review Financial data and report back to Board. Due by next meeting.

^{iv} ACTION ITEM: Adam & Greg – research firms that are capable of conducting such audits. Due by next meeting.

^v ACTION ITEM: Kim – Check on when the audit would resume. Due by next meeting.