

GRANITE OAKS WATER USERS ASSOCIATION

Annual Shareholders' Meeting
July 28, 2018
Central Yavapai Fire and Medical Station #57
Outer Loop Road, Prescott, AZ

Call to Order: President Gerry Garcia called the meeting to order at 9:00 a.m.

Note: .From GOWUA Bylaws:

Quorum: The members holding 50 percent plus one of the Class B votes of the Association shall constitute a quorum at meetings of the membership of the Association. If a quorum is not present at any meeting of members, those in attendance may conduct an informational meeting, but no business upon which a vote is to be taken, shall be conducted.

There were approximately 30 shareholders in attendance. There was not a quorum present, and an informational meeting ensued..

President Gerry Garcia introduced members of the board in attendance, herself and contract staff:

Officers

John James, Treasurer
Claire Hutt, Secretary
Directors:
Jim Bricker, Director
Ken Nelson
Bonnie Pearson

Contract staff:

Allen Kaplan, Auditor
Bob Busch, Manager
Derek Scott, A Quality Water Co., Operator

The President then asked if there was anyone in attendance interested in serving on the Board. Two positions are open and candidates are needed.

The President then spent a few minutes reviewing the history of the water company beginning in the mid 1990's. In the beginning, one person handled all aspects of company operations; meter reading, billing, system maintenance and accounting. Around 2000, the Board established several committees to review the operation of the company and develop plans for the future. The Board hired an system operator to handle system operations, maintenance and meter reading, and an accounting firm to handle billing, accounting and financial reports. The Board also began a capital expansion program that included purchasing property for a new well, drilling of a third well, refurbishing one of the existing wells, and adding two backup generators so that all three sites had backup generators. The Board also replaced distribution pumps with variable speed pumps, added redundancy and added fire hydrants to reduce the spacing between fire hydrants. She reported that AQuality Water was contracted to operate the water system last fall.

Financial Report *Allen Kaplan, Auditor*

Allen reviewed each page of the financial reports, and took questions from the floor. He stated that expenses have been relatively fixed, and that revenue this year is higher than a year ago at this time due to higher water use. We are about \$10,000 ahead of budget for this year, due to higher revenue. Allen then reviewed the Balance Sheet, Cash Flow Analysis, a list of assets purchased since inception, and a spreadsheet of Comparative Statement of Income and Expenses.

Operator's Report *Derek Scott A Quality Water Co.*

Derek described his duties as system operator. He stated that he is a certified operator, licensed by the State of Arizona. He stated that he checks equipment to make sure it is running properly, performs maintenance, reads meters, takes samples for testing. He discussed recent repair work on the Deerfield well, explaining that checking the equipment operation lead to calling an electrician and discovering that the well was near failure. He alerted the Manager, who informed the Board and repairs were approved.

He explained about customer meters in the system being nearly 20 years old. A number have had to be replaced recently because they were not working properly, or not at all. He explained that customer meters are checked for accuracy against a calibrated meter at least every 10 years. If the meter is off by more than 3%, it must be replaced.

He then responded to questions from the floor. One of the questions, concerning age and accuracy of the customer meters lead to a discussion following a statement that the Board is investigating the possible replacement of all customer meters with a type that can be read from a passing vehicle, via a download of reading information from the meter to a computer. In addition, the meter is capable of storing usage information for up to 60 days, providing useful information in identifying possible leaks or resolving billing questions. The Board has obtained preliminary quotes from three vendors, has identified a preferred vendor, and is pursuing obtaining additional information, and refining the quote. A decision by the Board could be made in the next few months.

There were several questions about what the Company is doing to encourage conservation. It was explained that in addition to the monthly billing insert that shows usage breakdown and average use, the Company has utilized several programs over the past few years to encourage conservation. The Company sponsored an onsite survey of plants, irrigation system and water use audit by a local landscaper. The Company arranged for a discount on low water use plants at a local nursery. Water use for the system has remained about the same or declined slightly, in spite of more customers being added to the system.

There was discussion about possibly charging higher rates for those who use most. It was explained that the Company must obtain permission from the Arizona Corporation Commission to change rates through filing a rate case, at which time, rates are essentially set by the Commission, and the result would be revenue neutral for the company. Additionally, high users may be incentivized to drill their own well if rates changed substantially, thereby resulting in less revenue for the Company, with very little change in water taken out of the ground.

Manager's Report *Bob Busch, Manager*

Bob Busch those present for attending and encouraged volunteering to serve on the Board. He acknowledged and thanked Eric Kranke, Rusty Miner, Derk Stringham and Duane Gann, former Board members, in attendance. He then briefly described the water system for those attending their first annual meeting. He noted some of the things that occurred since last year's meeting: Hiring of a new system operator, Creation of an individual Board Member binder with all the important reference documents pertaining to the Company, Implementation of the One Call Now System, and The unanticipated repair work done on the Deerfield well.

Gerry Garcia thanked everyone for attending and adjourned the meeting at approximately 10:30 am.