

Granite Oaks Water Users Association

Board Meeting Minutes

August 31, 2005

Board Members

Gerry Garcia - President
Jeff Deming - Vice President
Bruce Bleeker - Treasurer
Ed Tumey - Secretary
Chuck Faust – Director
Ken Mino - Director
Dirk Stringham – Director (absent)

Contract Staff

Bob Busch
Allen Kaplan
Debbie Muse (absent)

Shareholders

Duane Gann

The meeting was called to order at 8:00 a.m. by President, Gerry Garcia.

Motion by Bruce Bleeker to approve the July Board meeting minutes and July Shareholder’s meeting minutes, seconded by Ken Mino; passed unanimously.

1. ENVIRONMENTAL BIOMASS SERVICES REPORT (EBS)

The EBS Report was presented by Bob Busch and made part of the August Board meeting minutes.

Bob Busch read the EBS report which showed total water pumped during the month was at 8.75 mg; with the Deerfield Well usage at 3.07, the Glenshandra Well at 4.91 mg, and the Post Oak Well at .77 mg.

- Meter verification program: meter accuracy verifications were conducted.
- To date, water usage is down by 9% compared to last year.
- Jeff Deming questioned why pump #4 ran two hours (probably in July)? Unsure.

Action Item: Bob Busch will follow up with Lee Hixson to make sure ADEQ’s MRDL report was completed.

2. MISCELLANEOUS DEDUCTIONS, INC. (MDI)

Manager’s Report and MDI Reports were presented by Bob Busch and made part of the August Board meeting minutes.

Glenshandra Building – The Board gave the go ahead for Duane Gann to proceed with the Glenshandra Building. Duane mentioned that lumber is not as readily available due to the hurricane disaster in the South.

Backflow Prevention Device – A Granite Oaks shareholder (Customer) signed a letter that states he will notify us if his well is connected, thus requiring a backflow prevention device. Bob Busch explained that this customer drilled the well for irrigation use not domestic use. The customer has since, refused to sign the backflow prevention amended letter (which provides access to his property for inspection to ensure his well has not been connected).

Items discussed:

- Should the original signed letter be recorded for any future buyer (if the customer sold his property)?
- The Board is accountable to homeowners. What are our rights for protecting our water system?
- Are we covered if the amended letter is not signed?
- Since the first letter was reviewed by legal counsel, we might consider updating counsel on the situation.

Action Item: Bruce Bleeker, Ken Mino, Bob Busch, and Jeff Deming will contact the governing entity (whether it be the Arizona Corporation Commission or Arizona Department of Environmental Quality) to clarify the Backflow Prevention laws in Arizona and determine our rights as a water company.

3. FINANCIAL REPORT

Allen Kaplan reported that profits (\$13,000) look good for the beginning of the third quarter and we should exceed profits for third quarter 2004. Cash flow was up by about \$12,000 from the previous month. In summary, we're looking pretty good.

4. OLD BUSINESS

Officers – During the July Board meeting, many officers were not present when Board positions were determined. It was the consensus of the Board to ratify the slate of officers voted on during the July Board meeting.

Banking – Bruce Bleeker proposed that we look into online cash management options. This allows us to move funds from accounts without writing checks (and have it operational within a couple months). Bruce will bring back additional information for the September Board meeting. If we approve this form of banking, we will need to revise our policies and procedures.

Asset Replacement Account

Action Item - Bruce will work with Allen Kaplan to get the right information to Eric to proceed with an asset replacement account that is not being invested (M & I Bank).

5. NEW BUSINESS

Operator Contract – Environmental Biomass Services (EBS) gave notice on August 11 that they will no longer be able to provide system operations for the GOWUA and need to terminate their contract as of September 30, 2005.

Bob Busch contacted three organizations that might be able to provide services and set up site visits. All three firms provided a price quote (OMI, Inc., Fann Environmental, and AIQ). Bob Busch will review all bids and interviews will be conducted on September 2, 2005.

A special meeting of the Board was called for September 3, 2005 to determine a new Contractor.

Motion by Chuck Faust to adjourn the August Board meeting, seconded by Ken Mino; passed unanimously.

The meeting was adjourned at 9:50 a.m. Meeting minutes were tape recorded by Secretary, Ed Tumey, and transcribed by Debbie Muse.

NEXT BOARD MEETING IS SCHEDULED FOR SEPTEMBER 28, 2005.



www.gowaterusers.com



www.wateruseitwisely.com

2005 Board Meeting Schedule

| | |
|-----------------|---------------------------------|
| October | 26 |
| November | 16 (3rd Wed.) |
| December | TBD (if needed) |