

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of January 22, 2014

Draft2
Approved 3-26-2014

BOARD MEMBERS

Jim Peoples, President Ken Mino, Vice President John James, Treasurer John Monroe, Secretary Gerry Tumey, Director Gerry Garcia, Director
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THOSE PRESENT

Contract Staff

Bob Busch, MDI Taxes & Acctg Allen Kaplan - Accountant

Jim Peterson
Sandy Jack
Bill Weber – Weber Insurance Agency

The meeting was convened at 8:00 am by Jim Peoples.

Jim asked that each of the attendants introduce themselves.

1. Minutes of Previous Meetings
Meeting of December 4, 2013 :

Motion: John Monroe moved to approve draft2 of the Minutes of the December 4, 2013 Meeting with the corrections he noted (included in draft2 of the minutes). Ken Mino seconded. Motion carried.

2. Reports

2a. Insurance Report- Bill Weber

Bill stated that a new package with Alteris is about \$1,000 per year lower than the previous policies carried by Glasfelter. He reviewed the cost of coverage and went briefly through the 13 page Insurance Proposal, explaining coverages and exclusions. He noted that earthquake coverage is excluded. Construction damages would need to be covered by the contractor's insurance. There was discussion about that amount of property listed on the proposal vs the amount on the company balance sheet. Bill explained that the amount listed on the proposal is only insurable property- mostly above ground buildings and equipment. Transmission lines and underground piping are not covered. Replacement coverage includes provision for ordinance or law changes to bring the property up to current code.

Bill stated that he had a proposal from Glatfelter, the previous insurer, to provide "tail" coverage, to protect against claims made for previous acts. He recommended against electing the coverage, since the new policy protects against acts occurring back to 2003. He requested the Company sign off on a rejection of that coverage. (President Jim Peoples subsequently signed the rejection of coverage.)

Bill discussed the cyber liability coverage (\$1,025 for the year). There was a question about the coverage MDI carries.

Action Item: Bob will check and report on cyber liability coverage carried by MDI.

There was a question about whether the Company had cyber liability coverage last year. Bill was not certain, but he recollected that coverage was provided through the package, although not as comprehensive.

Jim Peoples thanked Bill for attending and for the informative report.

2b. Financial Report

Allen Kaplan reported that the net income for the year is 26k, about 14k over budget, and up about 18k from 2012. Repairs were about \$7,000 under budget and revenues were about \$7,000 higher. In comparison with 2012, the years' performances are about the same, except for \$19,000 paid to Granite Basin Engineering last year (2012). Bob reported that expense were about \$2,000 lower than expected because some generator maintenance done last October was just billed this week.

Allan explained that we had 7 more customers in the fourth quarter than in the first quarter. There were no meter deposits in 2013 with 43 service transfers.

Allan reviewed the current CD's in place and the items capitalized in 2013.

John James reported that currently, there is \$20,421 in the Operating Account and \$42,333 in the Corporate Account, with \$162,837 in the max saver account as a result of cashing 4 maturing CD's deposited to handle the upcoming construction.

2c. Operator's Report

Bob stated that Jim Muylle called him earlier in the morning, saying he could not attend the meeting due to an emergency. Bob noted a couple of items from the Fann report. He said Fann had tested about 130 residential meters and replaced one. He stated that Fann has ordered the spare meters for Deerfield and Post Oak. When they arrive, the spare meters will be installed prior to the busy season, providing a reliable baseline for water supplied.

Ken Mino stated he recalled that Fann was to get a cost to repair the sounding tube for the Glenshandra well. It would require pulling the well. It was the consensus of the Board, that at least a cost to repair it should be obtained.

Action Item: Bob will work with Fann Environmental to provide an estimated cost to repair the sounding tube at the Glenshandra well.

2c. Manager's Report

Bob reported that water loss for the past two months has fluctuated from negative (sold more than pumped) to about 6%. Hopefully, when the spare well meters are installed, we can be confident of the pumping data. He reported that he had some discussions with Fann regarding meter reading accuracy. We have had a high number of re-reads, many of which seem to be careless errors. In two cases, we were required to re-bill or refund overpayments. Fann has promised to use new meter readers beginning this month.

Jim Peoples asked about an item in the December Manager's Report concerning answering of phones at MDI. He noted that MDI does not want to put Kim's or Bruce's cell phones as additional contacts on their recording. He said he felt that a customer should be able to talk to someone during business hours, and a call should be returned in a reasonable time. Gerry Garcia indicated a customer complained to her that they it took more than a week to get a call back. A discussion ensued concerning MDI's availability to answer calls and the desirability to

save that customer service provided for GOWUA customers. Bob indicated that the MDI recording currently explains the hours MDI is "open", and it totals 14 hours per week. Ken Mino stated that he could understand being closed for lunch, but that 14 hours a week was not much time. He wondered if anything could be done about their contract. Bob Busch responded that after Bruce Eldredge's meeting with the Board in October, a modified contract was signed and sent to MDI for signature. After several follow-ups for their signature, he received a revised version of the contract, making some minor changes. He asked MDI to sign that and return it for the Board's (Jim Peoples) signature. He finally received their signature on the document yesterday. So, as of now, there is not a signed agreement between the parties. There was a suggestion about asking Bruce back to discuss the situation with the Board. There was a general sentiment that since March is the next meeting, the matter should not wait. Jim Peoples asked for volunteers to serve on a committee to meet with MDI. Gerry Garcia and Ken Mino volunteered. John Monroe asked for clarification on what the committee would want to accomplish. Ken responded that he would want to determine how MDI could provide better phone service. Jim Peoples asked Bob Busch to participate.

Action Item: The committee of Gerry Garcia, Ken Mino and Bob Busch will meet with MDI determine how phone service coverage hours to GOWUA customers can be improved.

Bob then reported that the construction permit for Phases 2 & 3 were received from the County on January 2nd. A preconstruction meeting has been held. A preconstruction meeting is set with County Right-of Way tomorrow morning at 7am. Bob stated he plans to attend. The contractor plans to start construction next Monday. In response to a question, Bob stated that a flyer is to be distributed to all residents along the construction route explaining the work. Minimal disruption is expected; once when the tie in is performed and perhaps again when individual meters are changed.

Bob reminded the Board that an agreement was reached with Granite Basin Engineering regarding Phase 1 engineering. GBE agreed to void two invoices and credit \$2,170 for a paid invoice. Plus, GOWUA was to receive credit for phase 1 design costs- to be determined. Bob indicated that he is holding invoices for \$5,512 for phase 2&3 engineering, pending settlement of the remaining credit. He said he felt that the design fees for phase 1 should be about 20-25% of the \$25,000 design fee for all phases. He will work with GBE in the next few weeks to work out the final credit.

In regard to GBE's agreement to update the model and retest hydrants, Bob said GBE would like to know which hydrants GOWUA would want tested. Bob explained that retesting will require 800 gpm for 10 or more minutes. Testing two hydrants will flow a lot of water. There doesn't seem to be a good way to recapture the water needed to complete the test. Gerry Garcia asked if there was a way to involve the fire department in the testing, since they periodically test hydrants.

Action Item: Bob will contact CYFD to determine if the Fire Department can assist with the tests and help reduce the amount of lost water.

Bob reported that he received the video of the tank inspections, and if any of the Board members want to view it, let him know.

3. Old Business

3a. Action Items -Outstanding Action Items:

Jim indicated that he recalled a recommendation from MIDCO to make repairs around the entry hatches to the tanks, and asked if Fann has made or is planning to make the repairs. Bob will follow up.

Action Item: Bob will work with Fann Environmental to schedule the repairs to the hatch entrances on the tanks.

Jim Peoples noted that in reviewing the website, the meeting schedule needs to be updated to the 2014 schedule. (Subsequently in the meeting, it was decided to also include board member term expirations on the website.)

4. New Business

4a. Consideration of filling Board vacancy created by resignation of Gene Zutell.

Jim Peoples commented that there were two candidates present, but that he understood there were three people who expressed an interest in the position. Bob noted that Neil Tewes was referred by Gerry Garcia, and Neil had said he planned to attend.

Jim Peoples suggested that the two candidates give the Board their background and interest in serving on the Board. Each candidate reintroduced themselves and provided background on their interest in serving on the Board.

Following the candidate discussions, the candidates were released and the Board discussed filling the Board opening. General enthusiasm was expressed that three persons expressed interest in the one position. The Board discussed whether to consider the two attending candidates or to consider all three. In response some discussion about the number of directors allowed on the Board, Bob read from the Bylaw, that state the number of Board members is not to exceed seven members. Ken Mino stated that he was probably up for reelection this year, and that he did not plan to seek re-election. (It was subsequently verified that Ken Mino's seat would be up for election in 2014.) He suggested that since he will not seek reelection, it might make most sense for him to resign and for the Board to accept one of the interested candidates for his position. Following some extended discussion, it was the Board's consensus that the three candidates be considered for two positions (Ken Mino's and Gene Zutell's). Neil Tewes will be asked to provide a short bio for the Board, and the members will vote via email.

4b. 2014 Operating and Capital Budget

Allan Kaplan suggested that the revenue budget be increased to \$222,000, in line with 2013. In addition, the interest income should be increased to \$2,500 due the interest expected from Compass in 2014.

Motion: John Monroe moved to adopt the 2014 budget modified as discussed. John James seconded. It passed unanimously.

There being no further business, Jim Peoples asked for a motion to adjourn.

Motion: John James moved to adjourn. John Monroe seconded. It passed unanimously.

The meeting was adjourned at approximately 9:20 a.m.

Next meeting: Wednesday, March 26, 2013, 8:00am – Post Oak Site.

Minutes transcribed by Bob Busch

Submitted By:

Secretary