

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of November 18, 2015

Draft 2
Approved January 27, 2016

THOSE PRESENT

BOARD MEMBERS

Gerry Garcia, President John James, Treasurer John Monroe, Secretary Matt Bornyasz, Board Member Larry Dorrell, Vice President Gerry Tumey, Board Member

Contract Staff

Bob Busch, MDI Taxes & Acct'g Allan Kaplan – Accountant Jim Muylle - Fann Environmental

The meeting was convened at 8:00 am by Gerry Garcia. Director Jim Peterson was absent.

1. Minutes of September 23, 2015

Motion: John Monroe moved to approve draft3 of the minutes of September 23, 2015 with the addition of a period after roman numeral 1 of paragraph 1. Gerry Garcia seconded. Motion carried unanimously.

2a. Financial Report

Allen Kaplan reported on the quarterly report ending in September. He noted that revenues are down about \$10,000 from a year ago. He stated that after adjustments, expenses are down about \$5,000 vs budget. Interest is about \$1,500 above budget, and net income is up about \$2,000 vs budget after adjustment of property taxes paid last year that would normally have been paid this year.

He reported that we have 467 customers, the highest number so far. Revenue through September is about \$9,000 below last year. Expenses are about \$3,000 less, but with the property tax adjustments, net income is about \$8,000 less than last year.

So far this year, cash has increased about \$28,000 from the end of last year. One meter deposit has been received this year.

A new \$48,000 CD was opened with Amtrust. It is a progressive CD. After 9 months the interest rate increases from .91% to 1.2%. If left in another 9 months it increases to 1.5%.

Allan indicated that the sounding tube replacement should be treated as a capital item.

With the October financials we just received, revenues are down about \$2,800 from last year and expenses are higher by about \$3,000. Projected net income for the year end will be about \$15-18 thousand less than last year.

John James reported that the Operating Account currently has approximately \$22,442 and the Corporate Account balance is \$36,237. He indicated that the interest bearing Money Market account will expire at the end of the year. He stated he will figure out what to do with that account.

2b. Operator Report

Jim Muylle distributed the Fann Environmental Report for October.

Jim Muylle reported that when the sounding tube at Glenshandra was replaced, he asked the contractor to check the foot valve and column piping. The pump is set at 545 ft and the static level is 248 ft. It is about 17 ft lower than Deerfield.

Matt Bornyasz asked about the meter repaired on Live Oak Dr. due to fire dept testing. He asked if it was the fire department's responsibility. Jim Muylle commented that this occurs often when the fire department tests fire hydrant flows, and shuts down the hydrant too quickly. There was some discussion about the problem and the fire department's involvement.

Action Item: Bob will contact the fire district and notify them of the problem with the warning that they will be billed for repairs.

Jim Muylle reported that Empire-Cat performed maintenance on one of the generators. Responding to a question about generator servicing, Bob Busch stated that Empire-Cat is contracted to perform two service calls annually, where they, perform service checks and change oil. Once per year, during one of the visits, they also perform a load test of the generator.

2c. Manager's Report

Bob Busch reported that unaccounted for water has been running between 6% and 8% and seems to be fairly consistent.

He reported that in connection with the meter repair on Live Oak Drive, which happened on a weekend, he received two separate calls from the answering service who indicated that they were not able to reach either Jim Muylle or Mike Young either time. Bob said he called the customer and determined that the problem was not an emergency and that Fann would be out the next day. Subsequently, he added Rob Stowell and Gary Regnier to the Fann callout list.

Bob reported that the problem with emailing bills has not been resolved yet. MDI is attempting to resolve the problem which is the result of email bills being rejected as SPAM. MDI is continuing to try to resolve the problem.

Gerry Garcia asked about the rental property application. Bob Busch explained that a property manager called and objected to the application and indicated she thought the application did not agree with Az Corp Commission regulations. Although the property manager indicated she would forward the application to the owner, Bob stated he was not certain the issue is resolved and wanted to make the Board aware of the conversation. A discussion ensued about what could be required of rental customers, with no action taken by the Board.

Bob Busch then referred the Board to the three quotes he received for repairs to the Post Oak building. He said he obtained quotes from licensed contractors, and checked with the Registrar of Contractors. None of the three had any complaints on file. He stated that the quote from Able and Ready Painting & Remodeling was the low quote at \$8,8895.37. The contractor requires 1/3

payment up front. He stated he does not have a certificate of insurance as yet. Gerry Garcia stated that GOWUA should be shown as an additional insured.

Motion: Gerry Garcia moved that the quote from Able & Ready be accepted, with the 1/3 deposit up front. John James seconded. Motion carried unanimously.

2c. Conservation Committee Report

John Monroe reported that the committee is working on a letter to send to the top ten users. The letter will be sent to Board Members for input and then following sending the letter, it is the group's intention contact the customer and request a meeting.

John Monroe asked if we could determine if we can put a limit on a customer's use. Can the company tell a customer they may only use a certain amount of water? Gerry Garcia suggested that the CCR's may indicated how much area can be irrigated. There were questions about whether the By-Laws could be changed to put limits on use. Bob Busch commented that the only way the Company has to limit water use is through rates. There was additional discussion about how the Company might establish some limits on water use.

Action Item: Gerry Garcia will review CC&R's for the subdivisions to see what relevant restrictions may be included.

3. Old Business

3a. Review of Action Items:

Action Item: Larry Dorrell will contact nurseries to determine their willingness to participate in a discount program.

Larry Dorrell reported that he has discussed with Watters Nurseries about sending a discount coupon for low use shrubs each month with the GOWUA bills. There were some questions from Board members about how it would affect email bills. It was the consensus of the Board that Larry continue to work out the details with Watters.

All other action items have been completed.

3b. Sounding Tube - Nothing additional to report.

4. New Business

4a. Proposed 2016 Budget

It was the consensus of the Board that this item be deferred to the January meeting.

4c. Brush Clearance

Matt Bornyasz asked who is responsible for clearing brush from around water meters. Jim Muylle responded that Fann clears the meter box when necessary and leaves the brush on the property. Gerry Garcia explained that it is the property owner's responsibility to maintain the property and the area around the meter box.

4d. Possible ACC Action Regarding Small Water Companies

Matt Bornyasz asked that an agenda item be included next time to discuss and develop a plan or strategy to respond to the proposed actions by the ACC. (Bob Busch emailed the info to Board Members in September.)

There being no further business--

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

The meeting was adjourned at approximately 9:05 am.

Next meeting: Wednesday, January 27, 2016, 8:00am – Post Oak Site.

Minutes transcribed by Bob Busch

Submitted By:

Secretary