

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of July 23, 2014

Approved 9/24/2014

BOARD MEMBERS

THOSE PRESENT

Contract Staff

John James, Treasurer John Monroe, Secretary Gerry Tumey, Director Gerry Garcia, Director Jim Peterson, Director Larry Dorrell, Director

Bob Busch, MDI Taxes & Acctg Allen Kaplan – Accountant

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

1. Minutes of Previous Meetings

Meeting of May 28, 2014 :

Jim Peterson asked about a paragraph with apparent typos. It was determined that a couple of paragraphs from the March minutes we included in error.

Motion: John Monroe moved approve the Minutes of the May 28, 2014 Meeting with the corrections discussed. John James seconded. Motion carried.

Gerry Garcia requested that since there were new members present, each attendee introduce themselves and give a bit of background. Introductions followed.

2. Election of Officers

Bob reported that 54 ballots were cast for the director positions. Jim Peterson and Larry Dorrell received the most votes and were elected to the three year terms.

By consensus action of the Board members, the following officers were elected for the upcoming year.

President	Gerry Garcia
Vice President	Jim Peoples
Secretary	John Monroe
Treasurer	John James

3. Reports

3a. Financial Report

Allen Kaplan reported that revenues for the year to date are \$4,000 above budget and expenses are about \$4,000 under budget for an Operating Income about \$8,000 above budget. Repairs & Maintenance and Water Testing made up most of the expense under run. Revenue compared to

last year are up about \$4,000 and expenses are about \$1,000 higher than a year ago. Net Income is up about \$2,000 from a year ago.

Allen explained the Balance Sheet and noted that the Company added \$244,265 to assets from the Capital Improvement Project and retired \$40,100 in assets. Three CD's will mature this year. They will report interest of about \$1,600 with maturity. He reported that cash is down \$167,167 from the end of last year, due to the purchase of the assets placed with the Improvement Project.

Gerry Garcia asked how the amount of the retirement was determined. Bob stated that the Company has no detail on the original cost of the assets, so the retirement amounts are based on estimated cost.

John James reported that there is now \$28,187 in the Operating Account and \$25,659 in the Corporate Account.

There followed a general discussion about capacity of the system, the number of potential customers and rates. No action was considered or taken.

3b. Operators Report

Jim Muylle was not present. Bob indicated that the Operator's Report was included with the Board member packets. John Monroe commented about the fire hydrant out of service on Granite Oaks/Live Oaks. He indicated he has had questions about it, and expects it to be a topic at the Annual Meeting. Bob indicated that a different problem on this hydrant was repaired last year. Gerry Garcia asked that Fann be prepared to discuss this on Saturday.

Action Item: Gerry Garcia asked if MDI could provide a list of new customers with phone numbers so she could call and invite them to the Annual Meeting. Bob will investigate.

3c. Manager's Report

Bob Busch reported that the anti backflow device testing has been completed for the year. He noted that CYFD has been conducting tests on fire hydrants. He will receive a report when they are complete. He also noted that he recently received several service requests on hydrants CYFD inspected over a year ago. These are non-service effecting items and have been forwarded to Fann for servicing.

The letter sent to all customers has gone out. Bob stated that he made a couple of changes to the letter it will be sent to all new customers.

He reported that he has received complaints from customers along the new construction on Royal Oaks Ct. One customer complained about milky water, another about low pressure. Bob reported he asked Fann to check out into the situation. Fann flushed the line and found the line had a lot of air. The new air relief valve should take care of that. Bob said he asked Watkins Const to check out the ARV. Watkins reported that the device appears to work correctly, but that if the problem continues, they will replace the ARV with something that does work.

Bob stated that he has also received several complaints about low pressure from customers along Royal Oaks Ct. and from a customer on Post Oak Rd. Fann has checked hydrant pressures in the area and the pressure is at least 55 psi.

Bob reported that he has received several calls about water theft from private residences. He has included an insert with this month billing alerting customers to a Toyota Tundra that has been seen photographing homes. The vehicle has been seen several times in the subdivision.

A general discussion ensued about what action the Company or Board members could take to help solve this issue. The following opinions were offered during the discussion:

The Sheriff's Office is unable to respond timely
It is unlikely that an arrest of the parties could be accomplished
The Board should take leadership in preventing these occurrences
Some type of surveillance program should be undertaken
No one should be encouraged to confront the individuals
This could be a business operation to steal and sell water
The Board should be prepared to discuss this issue at the Annual Meeting

Action Item: John Monroe and Jim Peterson and Gerry Tumey will take the lead in investigating ways to resolve the issue.

Bob stated that he received a call from someone residing outside the service area. He is having problems with his well and was inquiring about the possibility of connecting to the water system. Bob said he advised the individual of the Board's decision on a similar request recently, which was to decline the request. The individual indicated that he may at some time formally make a request.

Bob reported that the Arizona Corporation Commission is considering rule changes that could put GOWUA in a Class D or Class E utility vs the current Class C classification. The impact apparently would be a change in how the company would file a rate case application.

Action Item: Bob will summarize the information with probable impact on the Company and advise the Board.

4. Old Business

4a. Action Items -Outstanding Action Items:

There are no outstanding action items.

5. New Business

5a. Letter from Strong Capital

Bob reported that he received an inquiry from a firm interested in purchasing the company. Bob read a letter from Strong Capital. After a brief discussion about the impact of a possible sale and no potential advantage, it was the consensus of the Board that the inquiry be ignored.

5b. Contract for Operator Services

Bob reminded the Board that the contact with Fann Environmental expires at the end of September and the Board does not meet until September. He asked what the Board wished to do at the end of the contract. Fann has been the System Operator for 6 to 9 years and have not increased their cost since the beginning, except for the addition of landscape maintenance. It was generally agreed that a proposal to renew be requested from Fann Environmental before requesting proposals from other firms.

Action Item: Bob will discuss renewal with Fann Environmental and obtain a renewal proposal from Fann and share with the Board.

The Board discussed what should be done with the CD's that mature this year. It was the consensus of the Board that the money should be put into the Corporate Account.

There being no further business, Gerry Garcia asked for a motion to adjourn.

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

The meeting was adjourned at approximately 10:00 a.m.

Next meeting: Wednesday, September 24, 2014, 8:00am – Post Oak Site.

Minutes transcribed by Bob Busch

Submitted By:

Secretary