

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of September 28, 2016

Approved 11/16/16

BOARD MEMBERS

Gerry Garcia, President Matt Bornyasz, Vice President John James, Treasurer Larry Dorrell - Secretary Jim Peterson, Board Member Claire Hutt, Board Member Jim Bricker, Board Member
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THOSE PRESENT

Contract Staff

Bob Busch - MDI Financial Svcs., Inc. Bruce Eldredge - MDI Financial Svcs., Inc. Kristin Robison - MDI Financial Svcs., Inc. Allan Kaplan – Accountant Jim Muylle - Fann Environmental
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1. The meeting was convened at 8:00 am by Secretary Larry Dorrell as President, Gerry Garcia and Vice President, Matt Bornyasz had not arrived.

Minutes Board Meeting of July 27, 2016

There being no additions or corrections offered;

**Motion: Minutes Jim Bricker moved to approve the minutes of the July, 27, 2016 meeting
Seconded by Jim Peterson. Motion carried unanimously.**

Minutes of Annual Shareowner Meeting of July 30, 2016

There being no additions or corrections offered:

**Motion: Minutes Jim Peterson moved to approve the minutes of the July, 30, 2016 annual meeting
Seconded by John James. Motion carried unanimously.**

President Gerry Garcia then took over presiding the meeting.

The sequence of the agenda was changed to discuss the MDI Contract renewal (Item 5a of the agenda).

Bob Busch explained that the principle changes being proposed to the contract are the hourly rates for Non-routine services and for the cost of preparing the annual tax return. Bruce Eldredge explained that the billing rate proposed for tax return preparation is \$650. The rate for tax returns is not presently in the contract.

There was some discussion about the cost of extras. Kristin Robison explained that most of the extra charges have been related to email billing. Email billing problems have been reduced in the last couple of months and extra billing has been less. Email billing has been much improved such that this current billing will be the last billing where both email and paper bills are being sent. She said that currently there are 64 customers signed up for email billing.

Matt Bornyasz asked about a contract provision that calls for maintenance of the monument on Williamson Valley Road. It was explained that it is the Manager's responsibility. The work is being

done by volunteers from the community. Matt suggested that the contract provisions be reviewed by Board members to eliminate redundant and conflicting items. He also suggested that reports due to governmental agencies be mailed via certified.

Motion: Minutes Larry Dorrell moved to approve the contract for Financial Services with MDI Financial Services (for a 3 year term). Seconded by Jim Peterson. Motion carried with 5 votes for, one against and one abstention.

Action Item: The Manager will prepare a complete contract with the changes discussed and email to the Board members for review and comment prior to signature.

3a. Financial Report

Allan Kaplan reported the revenues year-to-date is about \$8,000 ahead last year. He noted that part of the increase was due to a refund check for ADEQ for the MAP (Monitoring Assistance Program) for \$1,800. Expenses are about \$9,000 from last year- Repairs and Maintenance, mostly due to the repair of the check valve at Glenshandra. Net income is about \$17,200 YTD vs \$17,800 last year to date.

Larry Dorrell asked about Account 252 Advances in Aid of Construction. Allan Kaplan explained that account represents the amount paid when a new meter is installed for a customer. That payment is refunded over a 10 year period

Larry also asked about Account 271 Contributions in Aid of Construction. Allan Kaplan explained that represents the assets gifted to the Company when the developer turned the system over to GOWUA. Those improvements are assets of the company and are shown on the balance sheet.

maturing CD with Compass Bank was renewed at 1.14% with Compass Bank.

John James reported that current balance in the Operating Account is \$23,979. The Corporate Account has \$53,654. He reported that he negotiated a 1.1% interest rate for a new \$100,000 CD with Am Trust Bank.

3b. Operator Report

Jim Muylle reviewed the Operator Report. He reported that due to a misunderstanding of a change in sampling regulations, we received monitoring violations for the months of April, May, June and July. He said he submitted a revised sampling plan to ADEQ in March, but was not notified until August that GOWUA would still be required to take two samples rather than one. As a result, GOWUA must send a notice to all customers advising them of the sampling violation. The notice must be sent within 365 days of the discovery of the violation. He reviewed a draft notice with the Board. After some discussion, it was the consensus of the Board to send the notice with the Annual CCR (Consumer Confidence Report) that will be sent out early in 2017.

When asked about the run times of the wells, Jim replied that the Glenshandra well and Deerfield wells alternate, with the Post Oak well running with each one.

Jim Peterson asked about the well depth. Bob Busch suggested that the well depth information be added to the Operator's Report so the information will be readily available.

Jim Muylle noted that he added an equipment list at the end of his report. Larry Dorrell asked how old the well pumps are. Bob Busch responded that the Post Oak well is the original pump. Deerfield was installed in 2004. Glenshandra well was replaced in about 2008 due to a power surge.

GOWUA has no spare pumps or motors for the wells or distribution pumps (except for the 4th distribution pump).

There followed a discussion about the possibility of purchasing spare pumps or motors. It was the Board consensus that purchasing spares would not be cost effective.

Jim Muylle reported that a brief system outage occurred on August 8th due to an unbalanced incoming APS voltage which tripped the booster pumps off line. They were reset and the system was returned to service.

3c. Manager's Report

Bob Busch reported that he sent 15 letters to customers with wells (either working or capable of working) requesting they perform a required annual test on their backflow prevention device. The device is required to prevent any backflow from a customers well into the water system. He stated he has results from a dozen customers, with the others expected in the next week or two.

Matt Bornyasz asked about what the tests cost. Bob Busch stated they usually cost between \$35 and \$50 for the test.

Bob stated that there were 58 customers using over 30,000 gallons in July using a total of 3.3 million gallons. In August, 25 customers used over 30,000 gallons for a total of 2 million gallons.

Bob commented that there was an open issue of the replacement of the meter at the Post Oak pump site. The cost to replace is estimated at \$5,000. He said that supposedly the present meter doesn't register properly because there is turbulence in the line because there is not enough straight pipe ahead or behind the meter probe. He suggested that a meter placed between the tanks and the pump intake might work better.

Action Item: Jim Muylle will investigate the possibility of locating a meter between the tanks and the pump intake.

3c. Conservation Committee Report

Jim Peterson reported there has been no activity other than insuring the the new customer letter is sent out.

4. Old Business

4a. Review of Action Items:

All action items have been completed.

Larry Dorrell asked about the customers listed on the delinquency report. He asked if "Off and Billed" category are losses. Bob Busch explained the category shows the amounts owed by customers that have disconnected service. A bill is sent when they disconnect. Most are paid, but some are not.

There was some discussion about unpaid bills, collections and credit reports. Allan Kaplan asked whether the amount owed can be deducted from the meter deposit (Acct 252). Bob Busch explained the meter deposit can't be used for non-payment of bills, as it is an advance in aid of construction. It was the consensus of the Board that unpaid final bills should be written off if not paid within 90 days.

5. New Business

5a. MDI Contract Renewal - see above

5b. Notice to Customers Regarding Coliform Samples - see above

5c. Feasibility Study for Continuation of Service During Catastrophic Event

Gerry Garcia commented that there are growing concerns about the potential for events that could drastically effect electronic systems functionality. Perhaps GOWUA should explore possible actions and options to survive such an event that might disable all electronic devices. Study reports and websites exist describing these kind of events. If such an event, ie solar flares, nuclear explosion or other event should occur, GOWUA would not be able to deliver water to the community.

There was a discussion about GOWUA's obligation to provide water and possible impact of a catastrophic event. Claire Hutt referred to the Curtailment Plan and the Company's obligation to provide water. Jim Peterson suggested that the concerns should be prioritized and looked at individually. Matt Bornyasz suggested that the individual customer has some responsibility to prepare for an emergency, and perhaps GOWUA should inform customers.

Action Item: Bob Busch will email a copy of the present Emergency Plan to Board Members for review.

5d. Empire Cat Service Agreement.

Bob Busch presented a proposed service agreement from Empire Cat for servicing of the three emergency generators. The proposal includes a full servicing once per year with a 2 hour load test once per year. The cost for all three generators is \$2,819.00.

Motion: Matt Bornyasz moved to approve the Empire Cat service agreement. Larry Dorrell seconded. The motion carried unanimously.

Motion: Jim Peterson moved to adjourn. Jim Bricker. It passed unanimously.

The meeting was adjourned at approximately 9:45am.

Next meeting: Wednesday, November 16, 2016, 8:00am – Post Oak Site.

Minutes transcribed by Bob Busch

Submitted By:

Secretary