

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of May 23, 2018

THOSE PRESENT

BOARD MEMBERS

Gerry Garcia, President
Matt Bornyasz, Vice President
John James, Treasurer
Claire Hutt, Secretary
Jim Bricker, Board Member
Ken Nelson, Board Member
Bonnie Pearson- Board Member

Contract Staff

Allan Kaplan – Accountant
Derek Scott- AQuality Water Co.
Pat Carpenter – AQuality Water Co.
Bob Busch, MDI Taxes & Accounting
Bruce Eldredge _ MDI Taxes & Accounting
Kristin Niedzielski– MDI Taxes & Accounting

Approved 7/25/18

1. The meeting was convened at 8:00 am by President, Gerry Garcia.

2. Minutes Board Meeting of March 19, 2018.

There being no additions or corrections, the President called for a motion to approve. .

Motion: Jim Bricker moved to approve the minutes of March 19th. Bonnie Pearson seconded. Motion carried unanimously.

3. Reports

3a. Financial Report

Allen Kaplan reported that for March, year to date, the Company is about \$7,000 ahead of budget and about the same amount ahead of the amount in 2017. He reported that Repairs & Maintenance and Water Testing are the two main items under budget at this point. Revenue is up about \$2,000 higher than a year ago. Expenses are down about \$5,000 from a year ago.

Allen reported that Cash is up about \$7,000. He noted that a CD at Amtrust will mature next month. He commented that the two accounts at AmTrust now total more than \$250,000. Cash flow is up about \$9,000 from last year at this time. April financial show a small net income about \$1,500 from last year.

John James reported that the Operations Account balance is \$13,191 and the Corporate Account balance is \$48,845.

It was the Board consensus that the \$100,000 AmTrust CD be renewed and the excess over \$250,00 for the two accounts be moved to the Money Market Account.

3b. Operator's Report

Pat Carpenter reported that the pump at the Deerfield well was removed, the well was videoed and the well was given a sonic blast and videoed again after the treatment. Bill Roberts provided a proposal to chemically treat the well, due to lingering bacterial buildup. Bob Busch handed out copies of the proposal from PumpTech to chemically treat the well at a cost of \$9,480. Pat suggested that chemically treating the well would be a good idea, as it will extend the life to 10-12 years vs 5 or 6 years without treatment. Mat Bornyasz asked what the cost of the rehab will cost. Bob Busch commented that with the pump replacement and sonic treatment will be approximately \$25,000 before the chemical treatment. Ken Nelson asked if there would be any change in taste difference after the treatment. Pat Carpenter responded that after the well is treated, it would be pumped, and then the water tested before it is put on line. There should be no taste difference.

Matt asked how much longer will the well be down. Pat Carpenter stated that the pump is ready to be re-installed if the Board chooses not to do the chemical treatment. PumpTech hasn't received the new meter as yet. Ken Nelson asked that an itemized cost of the work to rehab the well be prepared for future reference.

Action Item: Bob Busch will prepare an itemized list of costs and work to rehab the well.

Claire Hutt asked if the extra well meter at Deerfield had been recalibrated. Derek Scott explained that he observed the Glenshandra well productions seemed to be falling off over the last few months. He then installed the extra tagged meter at Glenshandra. It did not function correctly. At that time, the Deerfield well failed and he was not able to check the extra meter at Deerfield. It looks like the meters were not recalibrated, because there is no documentation. The new meters are magnetic meters from McCrometer.

Pat reported that he received a quote for a new meter at Post Oak pump station for \$8,779 material cost. He suggested that the new well meters be installed before the Post Oak meter is changed.

It was the Board consensus that the spare meter at Post Oak pump station be saved along with the existing one (when and if replaced) for possible trade in.

Pat Carpenter reported that the pumps at Post Oak pump station have been rebuilt. The system isn't operating a maximum efficiency because there is only one Variable Frequency Drive in the system. That causes the second pump to come on line at full velocity. It quickly meets demand, and then cycles off, and then back on again. It causes wear and tear on motors and pumps.

Claire Hutt suggested that the reason for some of the recent repair costs is because the system maintenance may not have been as complete before. Pat Carpenter responded that the Deerfield well was going bad no matter who maintained it. It was caught because the production was dropping. After it was reported we were selling more water than was being pumped, Derek had both Glenshandra and Deerfield wells electrically checked. Glenshandra tested ok. Deerfield did not. As for the rebuilt pumps at Post Oak, it was pretty obvious from the beginning that the system was not operating properly. Claire commented that AQuality Water checks the system 7 days/week although their contract only calls for 3 days per week.

There was some discussion about the sonic vs the chemical treatment and the difference and whether it would have been better to do the chemical treatment first. Pat Carpenter indicated that most of the time, the sonic treatment will remove all the blockage. In some cases both treatments are required.

There was also discussion about the well casing and sleeve and the sizes of each.

Action Item: Pat Carpenter will find out the casing and sleeve sizes.

Motion: Ken Nelson moved that the Board approve the proposal for chemical treatment. Claire Hutt seconded. Motion carried without opposition.

Ken Nelson commented that the documentation on the meter route changing was a disaster. He would hold additional comments until later in the meeting.

Claire Hutt commented that the drawings and documents for the wells are in terrible condition, covered with mold and faded. She has restored the information and downloaded missing information from the internet and has placed copies in the well buildings and in the Post Oak files.

Ken Nelson asked whether the lightning protection was complete. Derek Scott confirmed that it was completed.

3c. Manager's Report

Bob Busch reported that he has had a number of contracts with customers over the past couple of months, most dealing with water use and meter reading issues, including one resulting from a

complaint to the ACC. He indicated he has resolved the complaints, including the ACC complaint. He noted that he sent copies of the response concerning the ACC complaint to the Board.

Bob stated that the Comparison Reports for March and April include adjustments for the Glenshandra well because of the faulty meter. The well output was estimated based on run time and documented gpm.

Bob reported that there were four customers who had lower meter readings in April than in March, reflecting a meter reading error in March. As a result, those customers will show no water use until the correct meter reading reaches the March reading. The customer bill shows no water use in the meantime. It will also require a bill adjustment of \$2.00 for each month of no use, because the billing rate of \$20.00 includes the first 1,000 gallons of use, and \$2.00 per 1,000 gallons thereafter.

Bob stated that he authorized a courtesy credit of \$40.00 to customer who had a very high meter reading, a subsequent meter verification and replacement due to the confusion surrounding the situation.

He commented that he has been in contact with ServLine, a company that offers water leak insurance in other states. They are attempting to gain ACC approval to offer it in Arizona. If approved, it may be something the Company might want to offer customers. He informed the Board if ACC approval is granted.

Matt Bornyasz asked about the number of customer listed on the Comparison Report. He noted that there are a different number of accounts on various reports. Bob explained that the data on the comparison report are the number of customer meters read. If a customer meter is replaced during the month, both the old meter and new meter use show on the Comparison Report. Bob will change the description to "Number of Customer Meters Read".

Ken Nelson commented that the April Manager's report showed 27 zero read meters, with 11 non-functioning meters being replaced. He stated that he did not understand how 11 meters were suddenly bad, were replaced and dismantled, with no chance to do independent testing. Derek explained that between MDI and himself, they compiled a list of 50 meters to check. Eleven of those were either not working at all or malfunctioning. There followed a discussion about meter reading and re-reading, meter accuracy and customer confidence. Derek reported that he would be the sole meter reader going forward.

4. Old Business

4a. Action Items:

All action items completed.except:

Action Item: John James will prepare a list of Banks, accounts and approved signers on the accounts.

4b. Meter Reading

No Action

5. New Business

5a. Annual Shareholders Meeting

Bob Busch reported that since the annual meeting won't be at Gerry Garcia's, he contacted the fire department to use the fire station on the Outer Loop Road. If the Board approves, he will make the arrangements. The meeting will be July 28th. It was the Board's consensus to use the fire station

5b. Election of Directors.

Gerry Garcia requested that candidate solicitation begin this month.

Other Business:

Claire Hutt commented that the newsletter was included with the bills, but customers with electronic billing didn't receive one. Kristin commented that she has received a dozen rejections on email bills she is attempting to resolve. She thinks the bill is going to the customer's spam. She is sending both paper and email to problem accounts.

Matt Bornyasz commented that the meter rerouting was discussed and ok'd before the end of 2017, but is still not complete. What can be done to get it completed? There followed explanations by both MDI and A Quality about complications with the process. Apparently, the billing system programming requires iterations. Corrections will be made this month, but it may not be the final version. There was a general discussion about the process and the cost to make the changes with no action taken.

Claire Hutt commented that in looking thru the files, there is no contract for the Manager, because the Manager is an employee of MDI. The MDI contract calls for MDI to hire the Manager, but MDI does not supervise the Manager. There was a general discussion about the reasons this is done, the pros and cons, and possible alternate arrangements. It was the Board consensus to review the arrangement and meet independently, with possibly changing the MDI contract or employing the Manager directly, with MDI handling the payroll.

Motion: Gerry Garcia moved to adjourn. Matt Bornyasz seconded. Motion carried.

The meeting was adjourned at approximately 10:05 am.

Next meeting will be Wednesday, July 25th at Post Oak, 8:00 am.

Minutes transcribed by Bob Busch

Submitted By:

Secretary