

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of May 26, 2021

Approved June 23, 2021

THOSE PRESENT

BOARD MEMBERS

Contract Staff

Jim Bricker - President Ken Nelson, Vice President John James, Treasurer Daryl Mathern, - Secretary Ron Weber – Board Member
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Bob Busch, Manager, GOWUA Allen Kaplan – Accountant Cheryl Ibbotson – Ariz Utility Billing Solutions Derek Scott- A Quality Water Co.-Operator

1. The meeting was convened at 9:00 am at 371 Garden Street, Prescott, by President Jim Bricker.

2. Approval of Minutes of Previous Meetings

Meeting of March 31, 2021

Motion: Daryl Mathern moved to approve the minutes of March 31st. Ron Weber seconded. Motion passed.

Meeting of April 28, 2021

There were several typographical and grammatical corrections made by Board Members.

Motion: : Ken Nelson moved to approve the minutes of April 28th as corrected. Ron Weber seconded. Motion passed

Ken Nelson asked about how often the wells would be sounded and what equipment was available for sounding. Derek replied that there are two sounders available and that the wells are sounded monthly.

3. Reports:

3a. Financial Report

Allen Kaplan reported adjustments to depreciation have been made for the year ending December 2020, resulting in an additional \$27,753 of depreciation. This is due to the rate schedule prescribed by the ACC. This resulted a loss of \$12, 998 vs a net income of \$14,588. As of March, 2021, the effect reduces the net income from \$4,198 to a loss of \$2,740. These adjustments will be shown on the next financial statement.

Bob Busch asked what impact might the increased depreciation have on the expected earnings projected in the rate case. Would the additional depreciation reduce the expected net income to a point that it might suggest another rate case? There was some discussion about the issue. The ACC has a varied depreciation rate for different types of plant, vs the flat 50 year rate being used by the Company before the rate case.

Action Item: Bob Busch will investigate the impact of depreciation in setting the 2020 rate case and report to the Board.

Allen reported that water sales are up by about 13.5k from last year. Expenses (including depreciation) are up about 14k more than last year. The year to date loss of 1k is about the same as last year. He reported that the cash balance is down about 15k from March. There was 19k in assets paid for in April.

There was some discussion about how taxes are determined. Bob Busch and Cheryl Ibbotson explained that taxes are determined from the original cost of all assets (except bank balances).

John James reported that the balance in the Operating Account is \$15,178 and the balance in the Corporate Account is \$98,886.

Jim Bricker explained that at the last meeting there was some discussion about moving \$50,000 to a new account emergency use. There was some discussion about whether money could be added to the New York Bank account, or only withdrawn.

Ken Nelson asked if there was a requirement to set up a special account by the ACC rate decision. After some discussion, it was determined that the special account was suggested as part of the emergency capital improvement fund, which was rejected by the ACC.

Motion: Daryl Mathern moved to move \$50,000 from the Foothills account to the New York Bank account for emergency purposes. Ken Nelson seconded. Motion carried.

Action Item: John James will investigate whether the funds can be added to the existing account or if a new account will be needed.

3b. Operator's Report

Derek Scott The Operator's reported that all wells are working properly. He reported that he placed disconnect door tags on one customer's door. The tags have disappeared, but he has never been able to contact anyone. The service is now locked off. There does not seem to be anyone living at the property.

Derek reported that Daryl Mathern reported that the Deerfield well did not appear to be starting. Empire Cat investigated, and reported that everything checked out ok.

Ken Nelson asked if the generators at each location would start if the main disconnect is tripped. Derek confirmed that the generators will start if the main disconnect is tripped.

Daryl Mathern asked about the VFD project. Derek Scott reported that the equipment is in transport. As soon as it arrives, John Patton will schedule the work.

There was some discussion about the Blue Stake marking in various locations. Derek reported that the County is cleaning ditches and he has marked the location of valves.

3c. Wallace Report

Cheryl Ibbotson reported that credit card payments are being processed. She reported that two customers were given final notices with door tags.

Allen Kaplan commented that there is some difference between the reported amortization and the amount that can be supported. It was generally agreed that an adjustment be made so that the amount reported can be supported.

3d. Manager's Report

Bob Busch reported that the usage report shows unaccounted for water of 3.8%. with about 200,000 gallons unaccounted for. This is about the same number of gallons as last month. He reported that he researched the Company files and found data on assets contributed to the Company and forwarded the information to AZ Billing for review.

Bob reported that he sent out 17 letters to customers with backflow prevention devices that require annual testing, including the new well on Holly Oak.

He reported that he made reservations at the new Hilton Hotel for the annual shareholder meeting on Saturday, July 31st, 9:00 AM. There was some discussion about requiring reservations, but it was generally agreed that a caution about social distancing would be adequate. The room should be adequate for the usual attendance.

4. Old Business

4a. Action Items – All were completed.

4b. Discussion regarding possible new well.

Jim Bricker reported that there was a discussion at the last meeting about a possible new well, which would cost in excess of 250k. Since we don't have that much cash, we can't undertake that now. A new well would provide additional reliability for the system. Derek Scott commented that there are times when, even though both Deerfield and Glenshandra wells are operating, they don't keep up with demand.

4b.. Discussion re possibility of holding in person Annual Meeting

Discussed above.

5. New Business

5a. Possible transfer of funds to create separate "emergency fund" account

Discussed above.

There was a discussion about where to hold future meetings. After some consideration, it was the Board consensus to continue holding the meetings at Wingspace for the time being.

Meeting was adjourned at approximately 10:00 am.

Next meeting is scheduled for Wednesday, June 23, 2021 at a Wingspace, 371 Garden Street in Prescott.

Minutes transcribed by Bob Busch

Submitted By:

Secretary