

Granite Oaks Water Users Association  
**Board Meeting Minutes**  
Meeting of October 23, 2019

Approved November 20, 2019

THOSE PRESENT

BOARD MEMBERS

Contract Staff

Jim Bricker, President Ken Nelson, Vice President -absent John James, Treasurer Bonnie Pearson, Secretary Daryl Mathern, Board Member
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Bob Busch, Manager, GOWUA Allen Kaplan – Accountant Bruce Eldredge – MDI Taxes & Accounting -absent Derek Scott- A Quality Water Co.-Operator
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Guests: Jim Peterson – Granite Oaks

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1. The meeting was convened at 9:00 am by President Jim Bricker.

**2. Review/Approval of minutes of Board Meeting September 25, 2019.**

Jim Bricker commented that a change was needed to the last sentence on page 1 of the minutes.

**Motion: John James moved to approve the minutes of September 25, 2019 with the corrections discussed. Bonnie Pearson seconded. Motion passed unanimously.**

**3. Reports:**

**3a. Financial Report**

Allan stated that the number of customers shown on his report may not be accurate, as it represents the number of meters in the system. Bruce Eldredge stated that he is investigating to see if he can get better information from CORE. Year to date water sales is at \$177,000, about \$5,000 under the budget amount. Expenses are under budget by about \$34,000. The expenses for the Glenshandra well are not reflected in the financials yet. Net income is presently about \$18,000 ahead of budget. He stated that the net income is about \$14,000 more than last year at this point. Total cash is at \$227,000, up about \$3,000 from July. Allan reported that there we a couple of small items totaling \$399 in Construction Work in Progress. Cash is down about \$26k for the year.

John James reported that the balance in the Operating Account is \$55,330. Balance in the Corporate Account is \$48,677. HE commented that there is a \$10+ balance in the account at Edward Jones. It was the consensus of the Board to close the account.

**3b. Operator's Report**

Derek Scott reported that weed control is complete for the month. All the excess pipe and material have been removed from the Glenshandra well site, and the fence has been repaired. He reported that a new meter box was installed on Red Oak. There was no service connection to the property, requiring excavating and placing a new connection. He reported that he contacted Tech Support and received all necessary updates. MDI has done likewise, so everything should be up to date. Chlorinators has been installed at both well sites. The electrician should be on site Thursday to install the transducer at Glenshandra, and the cycle counters at Post Oak. Jim Bricker commented that his neighbor does not have a shutoff on his side of the meter box. Derek stated that typically, there is a shutoff installed on the property owners side of the meter, but some plumbers did not install one. He said it would be acceptable for the owner to use the shut off at the meter.

### **3c. MDI Report**

Bruce stated that after some recent turmoil, his staff is now stable. Coleen wants long term employment. She is learning, and has good people skills. Bruce commented that the report to the Utility Division has a lot of non-financial information that he does not know about, ie number of fire hydrants, feet of distribution lines, and other plant related data. He recommended that he and someone review the data to make sure it is all up to date and accurate.

### **3d. Manager's Report**

Bob Busch reported that last month there were 69 customers using more than 30,000 gallons totaling more that half the total gallons sold for the month. Allan asked about a customer listed on the shown on the high users report, who was also on the delinquency list. Bob replied that this particular customer had issues going back before the meter change out, but that he had not received a call from them about the high use. The customer has two past due notices and should receive a shut off notice if not paid.

Unaccounted for water was very low for the month, only 18,000 gallons, after taking into account the 70,000 gallons used by the fire department to fight the house fire.

Bob reported that he has contacted two attorneys concerning the water adjudication issues concerning the company. He is meeting with an attorney on Monday to explore the issue. Bob said he would have more to report next month.

Bob Busch reviewed a handout listing all the costs related to the Glenshandra well rehab project. The total cost is almost 52,000. Only Civiltec and KP Ventures were involved. Some of the costs are capital expenditures and some are repair and maintenance. He commented that there is associated retirements of plant totaling about \$19,000.

Derek Scott asked if we have the information on all the equipment installed, ie make, model, etc.

*Action Item: Bob Busch will contact KP Ventures to obtain equipment information.*

There was some discussion about the static levels in the wells. Derek Scott reported that the Post Oak well has not been sounded in several months. The well is set to run when either of the other two wells operate.

## **4. Old Business**

### **5a. Action Items:**

- *Action Item: Ken Nelson will visit all banks be added as a signer on the accounts.*  
Open
- *Action Item: Bruce Eldredge will contact Harmony and CORE to resolve the problems,*  
Completed.
- *Action Item: Bob Busch will prepare a report detailing all the costs for the Glenshandra well project.*  
Completed
- *Action Item: Bob Busch will contact various firms for additional information and recommend action to the Board.*  
Completed
- *Action Item: Bruce will check to verify receipt of a meter deposit.*  
Completed
- *Action Item: Bruce will investigate the possible meter deposit for the Customer (Hollander) on Fair Oaks.*  
Completed

**5b. Glenshandra Landscaping upgrade**

Bob Busch reported that he obtained a revised proposal from Prescott Landscape Professionals to trim vegetation and trees and not do any gravel or rock work. The quote is for \$756. Following a brief discussion:

**Motion: Daryl Mathern moved to accept the revised proposal for \$756 from Prescott Landscape Professionals. Bonnie Pearson seconded. Motion passed unanimously.**

Derek Scott commented that scrapping out the old meters stored at Glenshandra would pay for the gravel work.

*Action Item: Derek Scott will check with salvage companies to get an estimated salvage for the old meters.*

**5c. Possible Rate Case, consideration to appoint Jim Peterson to investigate a possible rate case**

Jim Bricker commented that the Board has briefly discussed this topic before. He now has the correct application form needed for an application. He said the Company's cash reserve is down considerably after the meter replacements and well rehab work. He said that funds will be needed for a new tank, generator replacements and other items.

Jim Peterson commented that there are two reasons for doing this. One is that with a flat rate for water, the company is limited in what it can do to raise funds for future needs. The second reason is to promote conservation. He reported that the Ombudsman's Office is charged with helping small water companies file rate applications. The Commission is encouraging companies to file rate applications.

Jim went through a ten item check list to familiarize the Board with the kind of information that will be needed. He said he would like to contact MDI, Bob Busch or Board Members as indicated to identify the information that needs to be submitted.

**Motion: Daryl Mathern moved to appoint Jim Peterson to prepare the application for a rate case. John James seconded. Motion passed unanimously.**

**6. New Business**

**6a. Insurance renewal proposal – Weber Insurance**

Bob Busch reviewed a handout of the insurance package renewal proposal. He commented that the coverages are virtually the same as last year. He commented that last year the annual premium was \$7,186. This year it is \$7,469. Board Liability is included in the package. Bob reported that the property list need not be changed from last year. The Board would need to decide on the terrorism coverage at an extra \$25. The Board opted for the coverage last year.

Motion: Daryl Mathern made a motion to accept the proposal, including terrorism coverage. John James seconded. Motion passed.

**6b. Review & possible action on Arizona Open Meeting Law & GOWUA policy on public input.**

Jim Bricker reported that he has received emails from a shareholder commenting that the Board is not following the statutes for conducting meetings. He shared a copy of the statutes he was referred to. Bob stated that the specific statute in question deals with HOA's, not

public corporations. He said that he was familiar with three types of statutes: One deals with public bodies, cities, county board of supervisors and special districts. Another deals with Homeowner Associations. The third deals with public corporations, for profit and non-profit. The statutes dealing with corporations require that the company have an annual meeting and give certain notice prior to the annual meeting. There are no requirements that he is aware of that require notice of meetings of the Board of Directors of corporations, or that specify how such meeting be conducted, e.g. requiring taking public input.

Jim Bricker commented that the current GOWUA Open Meeting Policy does provide a way for members of the public to comment or provide input. Bob stated that at a meeting of a public body, members of the public may speak during a Public Comment part of the meeting, but Board Members may not engage or respond unless the comment is about one of the Board Members. Then that Board Member may respond.

Jim suggested that the Open Meeting Policy be posted on the website and the Agenda be posted a few days before the meeting, so that someone could comment on a specific agenda item. The Board concurred.

Jim Bricker stated that he would communicate this information to the shareholder.

There being no further business, the meeting was adjourned at 10:20 am.

**Next meeting will be Wednesday, November 20, 2019 at Post Oak, 9:00 am.**

Minutes transcribed by Bob Busch

**Submitted By:**

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**Secretary**