

Granite Oaks Water Users Association
Board Meeting Minutes
January 26, 2011

Approved 3/22/11

THOSE PRESENT

Board Members

Jim Peoples, President
Rusty Miner, Secretary
John James, Treasurer
John Monroe, Director
Gerry Tumey, Director
Dave Kramer, Director
Ken Mino, Director

Contract Staff

Jim Muylle, Fann Environmental
Allan Kaplan

Guests

Bill Weber-Weber Insurance Agency

The meeting was convened at 8:00am by President, Jim Peoples.

1. Insurance Policy Review

Jim Peoples Introduced Bill Weber of Weber Insurance Agency to review the GOWUA insurance policy.

Bill handed out copies of the policy summary to the board. Bill noted that the policy is placed with Glatsfelter Public Practice, a B+ rated carrier. This year's premium is up slightly from last year. Bill reviewed the premiums for the individual coverages: Property-\$1,342, Crime-\$134, General Liability-\$1,756, Public Officials and Management Liability-\$1,000 and Excess Liability (umbrella)-\$1,750 for a total of \$5,982 for the year.

Property: There are five locations covered: Post Oak, Deerfield, Glenshandra, 248 N. Hwy 89 (MDI offices) and various locations (fire Hydrants). Total coverage property is valued at \$756,207. Additional coverage is provided for Accounts Receivable, Valuable Papers & Records, Outdoor Property, Trees, Shrubs, & Plants.

There was a question about Pollution Remediation Expense coverage in reference to well pollution or contamination. Bill explained that contamination from surface water would not be covered. Underground contamination of a well would likely not be covered.

Crime: Coverages for certain theft or computer fraud is included with the general form of the policy. The bond for the board is separate from this coverage. Bill indicated that he thought the current bond for the board is \$100,000. MDI is bonded under a separate bond.

General Liability: The policy limit is \$1,000,000 for each occurrence, with a general aggregate of \$3,000,000, plus and umbrella with a limit of \$3,000,000, for total coverage of up to \$6,000,000.

Costs for attorney's fees are outside the limits, ie not included in the amount paid out in determining policy limits. Good Samaritan liability covers acts by someone in the organization done voluntarily. This is different from liability coverage for actions of volunteers doing work on behalf of GOWUA. It does not cover medical costs for accidents involving volunteer workers. Bill suggested that a separate policy for \$310 per year would cover this.

Public Officials and Management Liability:

Coverage is \$1,000,000 with a \$3,000,000 aggregate.

Acts of past officers are also covered under the policy (assuming the acts are within the authority of the board).

Excess Liability: The policy has a limit of \$3,000,000 each occurrence and general aggregate of \$3,000,000.

Failure to Supply Water coverage language is different under the excess liability section than under the general liability section.

In response to a question about what claims GOWUA has made in the past, Bill recalled one a few years ago. It was a claim for a pump motor at Glenshandra for about \$14,000.

Bill summarized items he will investigate and advise Bob.

*Action Items: Verify the amount of the MDI bond
Verify the amount of the GOWUA board bond.
Obtain an explanation of the "failure to supply water" coverage in the general liability and umbrella portions of the policy.*

Jim Peoples thanked Bill for attending the meeting and for his explanation of the coverages.

2. Minutes of the Previous Meeting

In reviewing the minutes, Bob noted that on page 5, the reference to the Policy Book section that was added is incorrect. Minutes should state that Paragraph 14 was added rather than paragraph 13. It should state "...**the board approve a Policy Book revision to Section H, adding the following paragraph 14:**

14. Collection of Unpaid Accounts..."

Motion: John Monroe moved to approve the minutes of the Meeting of November 17th as corrected. Ken Mino seconded. Motion carried.

3. Financial Report

Allan Kaplan reported that the results for the total year were relatively good. The insurance bill, normally paid in December was not received or paid until January. If it had been paid in December, the net income would have been \$41,000 vs \$46,000. Allan noted that revenues were down about 4% from last year while water pumped a year ago was down about 11%. Bob suggested that since there is a \$20 per month minimum bill, billing may not exactly track with water pumped.

Repairs and Maintenance was up about \$8,000, mostly due to charges from GenTech. Water testing was down about \$5,000. Interest income was down about \$1,000.

Two customers were added during the year. Property tax went down about \$100.

Balance sheet- Cash increased about \$58,000 for the year. Assets- \$4,200 for landscaping for the year. \$2,200 was returned for Advances in Aid of Construction.

A well meter purchased for Glenshandra was received in December and billed in January. It will be capitalized in January. The old meter is still in service, so the new meter is a spare. The old meter need not be retired from service until removed.

There is some confusion with Edward R. Jones concerning the value and amount in the CD.
John James

Action Item: John James will follow up with Edward R. Jones to determine the correct values in the CD.

Interest rates have dropped in the past few months, so the CD maturing this year will likely be renewed at a lower rate.

Expenses for the past few years have been fairly consistent. There has been no Legal & Professional Expenses for the past several years. Billing for 2010 was the lowest since 2001.

John James reported that as of January 25th, the balance in the Corporate Account was \$51,425 and the Operation Account balance was \$24,742.

4. Operator Report

Jim Muylle reported that there were no ADEQ violations for the quarter. There were several water line freeze ups during the cold weather. Two meters were replaced. Some of the callouts were customer line freeze problems, landscaping and water line problems.

There have been problems with the Glenshandra and Post Oak well meters. A new meter was ordered for Glenshandra, and then the existing meter began working again. A new meter head was ordered for Post Oak, and that meter is working again.

There was a question about how water pumped volumes are reported when the meter fails. Jim Muylle stated that daily pumped amounts are estimated and then added to the total at the end of the month. [Bob later determined that Kim Eldredge adjusted the meter read numbers in CORE to make the pumped volumes match the reported volume]. So, at some point, when actual meter reading numbers are again used, pumped amount will be understated by the amount estimated during the time the well meter was not working. Since the failure occurred during the winter low pumping volumes, the discrepancy is much smaller than if it had occurred in summer.

Rusty asked about the number listed on the bottom of the bill. It is not the MDI number. Bob stated that the emergency number is the number of the answering service. When someone calls the answering service regarding a problem, they call Fann Environmental.

Jim Muylle reported that in the past, ADWR has measured the static level in the Deerfield and Post Oak wells. Due to their budget cuts, it is not certain they will be doing it again this year. Fann Environmental can check the levels if ADWR does not.. Jim Peoples asked Fann to include previous year's readings in their report.

The board discussed the estimate for painting the tanks. Fann Environmental had obtained an estimate to paint the tanks. It was agreed to schedule the painting for this spring.

5. Managers Report

Bob reported that in December, a letter was sent to the customer who complained about the water hammer problem. The letter was returned a couple of weeks later. It turns out that the customer does not receive mail at that address. He comes into the MDI office periodically and picks up his bills and pays some in advance. Kim has called the customer twice advising that he has a letter in addition to the bill. As yet the customer has not picked up the letter.

The collection agency has changed their policy to handle only accounts with more than \$50 due. We have 3 accounts over that amount and 4 owing less than \$30. There was general agreement by the board that those 4 accounts should be written off.

Bob reported that water sold for 2010 was less than any year since 2000. Average use per customer was down nearly 2,000 gallons per month from the average monthly use in 2000.

There could be several explanations for the reduction: weather, conservation and there seems to be more customers with no use during the month.

Summit bank notified GOWUA that a check written by a customer for 92 cents was scanned by the banks processing center (M&I Bank) as \$9,200. GOWUA was credited with the \$9,200 deposit. The customer’s bank is Bank of America. Summit Bank suggested that the problem be corrected by GOWUA issuing a check to the customer for the difference. After several calls, Summit Bank agreed that the problem would be straightened out between the banks. Any potential NSF charge to the customer would be covered by one of the banks. Neither GOWUA nor the customer should be charged a fee.

GOWUA received quotes from Gentech for repairs of the three generators:

Post Oak-	Battery & cracked fuel line	\$ 467.35
Glenshandra –	Battery & turbo pipe	\$1,892.38
Deerfield –	Heater & radiation hoses, belts & breather	<u>\$1,681.48</u>
	Total	\$4,041.21

Jim Peoples stated that there being no objection, Bob be instructed to arrange for the repairs.

Action Item: Bob will authorize GenTech to perform the repairs to the three generators.

Dave questioned whether there was surge protection on the generators. There being no certainty that there is lightning protection, it was agreed it should be investigated.

Action Item; Dave, Bob & Jim Muylle will verify that surge protection is provided and what the estimated cost would be to install.

Bob presented a bill for \$2,070 from Civiltec for updating the service area maps. After discussion, and their being no objection, Bob was directed to approve the invoice and have a check issued to Civiltec.

Rusty asked about the customer who was supposed to put in a backflow prevention device. Bob reported that the customer indicated that he would have the device put in during January. The customer reportedly had difficulty getting someone scheduled to install the device. Jim Muylle indicated that Fann Environmental could install the device. The customer apparently only visits the property occasionally, and is difficult to contact. He will continue to follow up with the customer.

6. Old Business

6a. Action Items

Bob reviewed action items. All action items have been completed:

Rusty asked about the timing on getting information on the website. Bob indicated that the minutes are posted after the board approves them, so they are several months after the fact. Bob reported that the out of date website last fall was his fault for not forwarding the information to the administrator. It is currently up to date. In discussing the posting of minutes, it was agreed that draft minutes of the board meeting should be posted – and designated as DRAFT. Once approved, they would be posted as approved.

Rusty asked about items in the capital budget and how they are acted upon. There is an item in the budget for a fence at Glenshandra. He would like to see an actual estimate discussed with the board before any work is done. Jim Peoples stated that an actual proposal would be presented to the board for approval before the work begun.

7. New Business

There being no new business to discuss, Jim Peoples called for a motion to adjourn.

Motion: John James moved to adjourn the meeting. Ken Mino seconded. Motion carried.

The meeting was adjourned at 9:35a.m.

Next meeting: March 23, 2011, 8:00am – Post Oak Site

Minutes transcribed by Bob Busch

Submitted By:

Secretary