

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of November 28, 2012

Approved January 23, 2013

THOSE PRESENT

BOARD MEMBERS

Jim Peoples, President Ken Mino, Vice President John James, Treasurer John Monroe, Secretary Gene Zutell, Director
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Contract Staff

Bob Busch, MDI Taxes & Acctg Jim Muylle, Fann Environmental Allen Kaplan - Accountant

Guests

Bill Weber- Weber Insurance Agency

The meeting was convened at 8:00 am by Jim Peoples. Board members Dave Kramer and Gerry Tumey were absent.

1. Minutes of Previous Meeting

Jim Peoples asked if there were any comments or corrections to the Minutes of the September 26, 2012 meeting. There being none, he asked for a motion to approve.

Motion: John Monroe moved to approve the minutes of the Meeting of September 26, 2012. John James seconded. Motion carried.

2. Reports

2a. Report from Insurance Agent- Bill Weber

Bill distributed to the attendees, a packet with the insurance proposal and application. He explained that overall, insurance rates have increased, due in part to the property losses incurred nationwide in the past year. The proposal is from American Alternative Insurance Corporation through Glatfelter Insurance Group as broker. Bill stated that it is a very broad coverage policy used by many municipalities.

Bill briefly explained information on each page of the proposal, indicating that some changes were made to property valuations from last year at Post Oak and Deerfield after consultation with Bob Busch. Bill indicated that there was about a 10% increase in the property coverage premium over last year. John James questioned what the property listed at Chino Valley represented. Bob replied that it included the handheld meter readers and software owned by GOWUA. Bill went on to discuss the types of coverage included under the policy, mentioning coverage that is not included with standard commercial insurance. Liability coverage is for 1 million dollars each occurrence with a 3 million dollar aggregate. Defense costs are in addition to the limits of insurance. Coverage is on a claims made basis, with a retroactive date of 12/3/2003. Also included is liability coverage for cyber-related claims for loss or damages. Three million dollar umbrella coverage is included.

Bill explained that property coverage, Public Official & Management Liability, and umbrella coverages increased from last year. General Liability decrease, while Crime coverage did not change. The over all result was an increase from about \$5,900 to \$6,552.

Allan asked if the bond was in addition to this insurance. Bill replied that it is separate and the cost will probably not change. Jim asked if MDI also has a bond. Bob replied that MDI does carry a bond.

2b. Financial Report

Allen Kaplan stated that revenues are up about \$1,500 and expenses are up quite a bit. The main two expense items are property taxes and Granite Basin Engineering cost. Allen stated that in September, the entire property tax bill was paid, when we generally pay ½ every 6 months. He stated that an option would be to book the second half payment due next spring as a prepaid expense now, and book it as an expense next year. The board generally concurred with this approach. The other item is Granite Basin Engineering. In discussions with Bruce, some of the engineering work could be capitalized. Bob agreed that a portion of the engineering work done so far could be capitalized.

Comparing last year to this year, we have 5 more customers and revenue is up about \$1,500. He stated that cash is down about \$9,000 from January.

Allen mentioned that there was a net income for the month of October of about \$4,700.

2c. Operator's Report

Jim reported that there were no ADEQ violations reported in October. 458 meters were read for the month. Water use has declined considerably as expected. Jim reported that the generators were load tested during the month. At Deerfield, packrat damage of lines and wiring had to be repaired. Bob reported that the repair cost was over \$4,000. Jim reported that a number of meter boxes were raised, adding extenders and debris vacuumed. There was some discussion about static levels in the wells and whether the level in the Glenshandra well could be determined even though the sounding tube is damaged.

2d. Manager's Report

Bob reported that the water loss report in September was 16%, and all time high. He said he reviewed well pump data, pump operating times and kilowatt usage at all three wells to see if he could spot a discrepancy that would justify the 1 million gallon discrepancy. None of the data seemed to identify a source of the discrepancy. He has computed the water loss for the past 12 months at 6%. This 12 month moving average will be carried on the Comparison Report in the future. There was a general discussion about the unaccounted for water, with no specific conclusion.

Bob reported that the water hammer complaint by Mr. Zych has been resolved. The neighboring property is scheduled to be inspected when a service application is received. The property is presently bank owned and vacant.

Bob stated that the CIP engineering proposal was sent to board members for review & concurrence. Only a couple of responses were received and the proposal has not been signed. Jim noted that he thought the proposal was authorized at last meeting. Bob recalled that the proposal had not been received as of the last meeting, although the board voted to proceed. Jim read the motion from the last meeting. Jim entertained a motion to sign the proposal.

Motion: John Monroe moved to authorize approval of the Granite Basin Engineering proposal for the improvements to the water system. John James seconded. Motion carried unanimously.

3. Old Business

3a. Action Items

John Monroe moved to approve the minutes of the Annual Meeting with two changes. The changes are that two board members shown as absent were actually present. Ken Mino seconded. Motion passed.

John James indicated that a board action is needed to authorize opening of a new CD account at one of the banks. Approximately \$100,000 needs to be reinvested. There was a general agreement that the whole amount should be reinvested for two years.

Motion: John James moved to authorize the President and Treasurer to open a new CD account at a local bank. Gene seconded the motion. The motion carried unanimously.

Jim reviewed the action items from last meeting. Bob reviewed one item related to the Capital Improvement/Replacement Program. He reported that he sent a spreadsheet analysis of the funding and expenditures in the monthly Board Packet. He reported that considering all the required funding, actual funding and plant replacements since 2001, an excess of \$5,766 would exist in the Capital Replacement Fund. If fully funded for 2012, an additional \$14,000 would need to be allocated. There followed a discussion of the purpose and method of identifying and tracking replacement fund allocations. Allen noted that it is a BALLence Sheet entry. Bob and Ken concurred saying it is a bookkeeping entry only. Ken stated that he could see no downside to putting an entry on the BALLence Sheet. Gene commented that it would be better to compartmentalize the funds, specifically identifying those funds in the Replacement Fund.

4. New Business

4a. 2013 Capital and Operating Budget

Bob questioned whether the interest income was too high. Allen thought it looks ok. He suggested that accounting extras might be too low and that \$6,000 might be better. He also said that \$4,700 should be added to property tax in 1st quarter due to the property taxes prepaid in September.

There was a general discussion about capital funding and budgeting for 2013. Bob indicated that \$35,000 of the \$40,000 design fees would be paid in 2013, but that nothing was included for construction. The biggest gain for the cost is the new line from Post Oak to Charter Oak. The next biggest impact seems to be the section along Mesa Oak Ct. About ½ of the total could be done in 2013, with the other half done in 2014 if desired.

Motion: Ken Mino moved to approve the 2013 Capital and Operating Budget with the changes discussed. John James seconded. Motion carried. (Note no changes were made to the proposed capital budget.)

There being no further business to discuss, Jim Peoples asked for a motion to adjourn.

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

The meeting was adjourned at approximately 9:45a.m.

Next meeting: Wednesday, January 23, 2013, 8:00am – Post Oak Site.

Minutes transcribed by Bob Busch

Submitted By:

Secretary