

Granite Oaks Water Users Association
Board Meeting Minutes
November 30, 2011

Approved January 25, 2012

THOSE PRESENT

Board Members

Jim Peoples, President
Ken Mino, Vice President
John James, Treasurer
John Monroe, Secretary
Gerry Turney, Director
Gene Zutell, Director (absent)
Dave Kramer, Director

Contract Staff

Bob Busch, MDI Taxes & Accounting
Jim Muylle, Fann Environmental
Allan Kaplan

Guests

Bill Weber, Weber Insurance Agency
Jim Peterson-GOWUA resident

The meeting was convened at 8:00am by Jim Peoples. Six board members were present: Gene Zutell was absent.

1, Minutes of Previous Meeting

Jim Peoples asked if there were any comments or corrections to the Minutes of the September 28th meeting. John Monroe mentioned that there was a misprint on the bottom of page one. Bob indicated that the words "o to the system in 2011, 17 customers have changed" should be removed.

Motion: John James moved to approve the minutes of the Meeting of September 28th as modified. John Monroe seconded. Motion carried.

Jim Peoples changed the order of business to accommodate Jim Muylle's schedule.

2. Operator Report

Jim indicated that the fire department tested fire hydrants on October 19th, and were asked to discontinue because the tests were setting off alarms at Post Oak and creating water hammer in the system. Two water meters were broken by the testing and had to be repaired. Apparently the crew was new and unfamiliar with the system.

All buildings were checked and winterized.

Projects: Surge protectors were installed at Post Oak and Deerfield. It was determined that the protector at Glenshandra was adequate, so the unit intended for installation was returned to the manufacturer.

The 8" main line from the Post Oak building to the street was determined to be adequate. The line in the street is a 6" line, and a larger line would not be needed. Bob stated that the Civiltec report done several years ago indicated that pipe sizing *could* become a problem *if* the fire pumps were run for an extended period. Jim Muylle commented that only one fire pump would be running at one time.

Meter verifications have begun. Thirty meters have been tested so far. Fann discovered a broken meter yoke on Charter Oak and a leaking blow off valve at the end of Charter Oak. Both were repaired or replaced.

John Monroe asked about the 10% water loss was due to the fire department testing. Jim did not think so, especially since the fire department testing is generally done once a year. John Monroe noted that water loss has been trending upward. Jim Muylle indicated that the broken blow off would contribute to the loss.

3. Bill Weber – Weber Insurance Agency

Jim Peoples welcomed Bill Weber and invited him to present his information to the board. Bill discussed the proposed renewal insurance package with the board. He verified that there are no independent contractors working only for GOWUA.

The insurer is Glatfelter Insurance who is one of the best carriers for business such as GOWUA. The coverage is for replacement costs. He mentioned all the locations noted for property coverages. Ken Mino noted that the hydrant locations are incorrectly shown as “Chino Valley” rather than “Prescott”. Bill will have the correction made. He indicated that Loss of Income coverage is included in the policy. Equipment breakdown coverage is included, but it is not covered due to wear and tear. Pollution coverage is included, but not for mold, bacteria etc. Remediation cost is covered.

Action Item: Bill will follow-up with the carrier to check on well pollution and contact Bob.

Crime coverage is included. This covers theft of cash or assets. General liability coverage is for 1M, with aggregate of 3M. There is umbrella coverage for another 3M.

Professional liability contract liability, good Samaritan acts, management liability and non-owned auto coverage are included in the policy.

Wrongful acts coverage includes board members and their wives

Defense costs are in addition to the insurance limit amounts.

Costs for the year have increased from \$5,932 to \$6,425 due to increases in property and Public Officials and Management Liability coverages.

Bill then indicated that the renewal is on Dec 4th and he needs authorization to renew right away.

Motion: Ken Mino moved to authorize renewal of the insurance policy. John James seconded the motion; Motion passed unanimously.

Jim Peoples thank Bill Weber for attending and for the presentation

4. Financial Report

Allan Kaplan reported that September year to date is right on budget. Income is right on budget. Net income for the year is expected to be about \$30,000.

Revenues are up about the same as last year. Expenses are up about \$16,000, due to the tank painting and the insurance bill received in January 2011 vs December 2010. He also noted the Mike Lyon is no longer doing the accounting for GOWUA. He stated that about \$1,800 of the Fann invoice was coded incorrectly to Outside Services rather than for Water Testing. He has had the correction made.

On the Balance Sheet, cash is up about \$24,000 for the year. Two fixed assets have been purchased this year: fencing at Glenshandra and a meter replacement.

5. Manager's Report

Bob reported that water use report for October indicated unaccounted for water at 9.7%. Water use for the year to date is up about 12 acre feet from last year, with was an unusually low year. John Monroe asked about unaccounted for water, and at what point we should take some action. We were routinely experiencing unaccounted for water in the 3% range, now it seems much higher. Jim Peoples stated that the leak on Charter Oak could contribute to the loss. Dave Kramer noted that there was also a leaking meter yoke, and that as meters are verified, we should be able to determine if there are other leaks. Bob stated that only 50-70 meters are verified each year. Dave asked if portable moisture sensors could be used during meter reading to identify possible leaks.

Action Item: Bob will check with Fann to determine feasibility.

Bob reported that he purchased a handheld meter reader online via eBay. Once it arrived, he discovered that the problem was, in fact, not with the hardware, but with the software. He returned the unit to the seller and received credit for the unit less shipping costs of \$45.29. CORE software changes are causing problems in the older handhelds. CORE is working with Psion to program the Psion Workabout Pro, the current handheld device, to be compatible with CORE. They hope to have it functional after the first of the year. Bob suggested that a commitment to purchase the handhelds may provide some incentive for both companies to complete the necessary programming more expeditiously. He noted that the Workabout Pro costs \$1,500 to \$1,800. In addition, CORE would charge a one time fee of approximately \$800 for the software interface. He suggested that GOWUA agree to purchase the new handhelds as an incentive for the companies to complete the work.

The alternative is to wait and hope the current handhelds don't totally crash. The meters can be read manually. It will take Fann longer to read the meters. MDI now transfers the data in 10-15 minutes. To update the meter reading manually would take at least a half day.

Motion: Gerry moved to authorize Bob to purchase of two Psion handheld devices and to work with the vendors to obtain the software interface software. John Monroe seconded. Motion carried.

6. Old Business

6a. Action Items

Bob reported that all action items were completed except:

Action Item: Bob will schedule GenTech to make the remaining repairs and have the manifold shipped to GOWUA.

7. New Business

7a. Jim Peterson: Jim Peoples introduced and turned over the floor to Jim Peterson, a GOWUA shareholder. Jim Peterson stated that he has been a GOWUA resident for about 4 years. He is a 20 year Bank of America employee and a 20 year real estate broker, currently with Morgan Stanley in Prescott. He attended the last annual meeting and noted the very good financial condition of the company. As a homeowner with some financial background, he wanted to present some observations to the board. First, he indicated that GOWUA has several CD's. FDIC now insures to \$250,000 vs \$100,000 noted in GOWUA policies. He also noted the

GOWUA policies state that the corporate account should have a maximum balance of \$30,000. As of June 30th there was about \$80,000 in the account. The company policy also states that the maximum in money market account should be under \$50,000. As of June 30th there was about \$71,000 in the account.

All this indicated that operationally, it is difficult to deal with all the various CDs and bank accounts to maximize the return for the company. He suggested that the board might want to review policies to incorporate other kinds of investment vehicles to provide a better return. There was some discussion about the return vs risk of various types of investments.

Jim Peoples stated that the board would have to revise GOWUA policies as a first step. John Monroe commented that investment strategy is a fundamental discussion that the board would have to undertake. The company bylaws are more broadly stated than company policy, which requires FDIC insured investments.

Jim Peoples thanked Jim Peterson for his input and for attending the meeting.

Jim suggested that an action item be created to put the discussion of insured investments on the agenda for the next meeting.

Action Item: Bob will put the topic on the agenda for the next board meeting.

Jim Peoples asked John James if he had any questions about what to do with current account balances. John James stated that he could possibly reduce the corporate account by more than \$30,000.

Action Item: John James will investigate shifting money to the money market account, providing there are no restrictions on withdrawal.

7b. 2012 Budget

Only the proposed Capital Budget for 2012 was included with the board packet. The draft 2012 Operating Budget was unintentionally left out, so board members have not had a chance to review it. It was agreed to defer the discussion on the 2012 budget until January.

Motion: John Monroe moved to authorize the manager to make the necessary expenditures in 2012 until the budget is improved. Ken Mino seconded. Motion carried.

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 9:30a.m.

Next meeting: Wednesday, January 25, 2012, 8:00am – Post Oak Site

Minutes transcribed by Bob Busch

Submitted By:

Secretary