

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of May 16, 2012

Approved 7/25/12

THOSE PRESENT

BOARD MEMBERS

Ken Mino, Vice President John James, Treasurer John Monroe, Secretary Gerry Tumey, Director Gene Zutell, Director

Contract Staff

Bob Busch, MDI Taxes & Acctg Kim Eldredge- MDI Taxes Alan Kaplan - Accountant Jim Muylle, Fann Environmental

Guests

Davin Benner-Granite Basin Eng'g Amiee Benson- The Foothills Bank Kirsten Essink – The Foothills Bank

The meeting was convened at 8:00 am by Ken Mino. Jim Peoples and Dave Kramer were absent.

Ken changed the order of the agenda, taking item **4B, Banking**, as the first item of business. He asked the guests to introduce themselves to the Board, and gave the floor to Kirsten Essink. She explained that she is the Branch Manager at the new Chino Valley Branch of The Foothills Bank and Amiee Benson is the Branch Manager at the Prescott Branch. She indicated The Foothills Bank has seven branches, 4 in Yuma, one Casa Grande, one in Prescott and one in Chino Valley. She provided Board Members with a sheet of charges for the GOWUA bank account. She noted that the Bank is not charging any monthly fees on the account, including the ACH fees. The only charges that GOWUA would incur would be for non-recurring items, such as returned items. Ken Mino asked if GOWUA sees any charges during the month. Kirsten stated that only if there are returned items and that only two of those had occurred in the last couple of months.

Ken then indicated that there seemed to be some service issues and asked that those be discussed. Kim Eldredge stated that MDI has had no specific person to discuss items on the statement. During the conversion in December it had taken a full day in dealing with the Yuma Branch to get it taken care of. Written documentation was not available, and she finally had to prepare them from notes she took. It is important to have the documentation in case she (Kim) is not available and someone else needs to handle the account. Kim indicated that she is not a signer on the account but can access it and perform the ACH transactions. Kirsten indicated that the Bank could arrange to email any transaction item, ie return, to MDI. Kim stated that email would be satisfactory. Kirsten stated that she would be the point of contact for MDI and provided her direct number to Kim. Ken asked for comment or questions from the Board.

John Monroe stated that it was important to have a way to resolve problems and for MDI to have a contact point and it seems that the Bank is committed to provide that.

Gene Zutell asked if The Foothills Bank is headquartered in Yuma and if the 7 branches are the extent of the bank. Kirsten replied "yes" to both questions. Gene asked who owns the bank. Kirsten indicated that it is owned by several investors in the Yuma area. Gene asked if the bank was also in investment company. Kirsten indicated that it is not an investment company, but does banking and loans. Gene asked the value of assets and if there are any toxic loans. Kirsten responded that the bank's assets are approximately 238 million, and that there are a few troubled loans as a result of the Summit Bank acquisition and that the Bank is dealing with those.

Ken asked Kim if she was satisfied with the Bank's discussion. Kim stated that she was pleased to get a contact to resolve issues, and that with no charges to GOWUA, the commitment to get the service the Summit used to provide, and a branch in Chino Valley she supported retaining The Foothills Bank.

Ken Mino thanked Foothills Bank and MDI for attending.

It was the general consensus of Board Members that GOWUA would remain with The Foothills Bank.

1, Minutes of Previous Meeting

Ken asked if there were any comments or corrections to the Minutes of the April 25, 2012 meeting. There were none.

Motion: John Monroe moved to approve the minutes of the Meeting of April 25, 2012. Gerry Tumey seconded. Motion carried.

2. Reports

2a. Financial Report

Allan Kaplan reported that results for the first quarter ending March 2012 were quite good compared to budget. Revenues were right on and expenses were below budget by about \$2,000. When compared to first quarter 2011, the first quarter 2012 was ahead of 2011 by about \$3,500. Last year's net income was about \$28,000 and this year is running ahead of that so far. Cash is down about \$24,000. New assets of \$18,330 were added and \$5,360 were retired. One new \$250 meter deposit was received for the first time in a couple of years. Allan noted that two CD's are set to mature and rates on new CE's will likely be lower.

John James reported that as of May 15th, the Corporate Bank Account balance was \$37,832 and the Operating Account balance was \$23,968.

3. Operator's Report

Jim Muylle stated that the only new items to report were a new 1 inch meter installation at 2640 Glenshandra and the sites at Deerfield and Glenshandra have been mowed and sprayed. Bob commented that he received a call from Fann Environmental's office indicating that GOWUA had not been billed for landscaping services included in the contract since last October. The service cost is about \$160 per month under the contract. GOWUA will be receiving a late bill for the services.

4. Manager's Report

Bob reported that he received a call from the property owner at the corner of Glenshandra and Williamson Valley Road regarding service. The property is outside the GOWUA subdivisions, but inside the service area. There is a service line to the property, but no meter was ever installed. A backflow prevention device is required since there is a well on the site. We will receive a meter deposit.

Bob referenced last month's report package in which he included a chart showing average water loss per year for the past several years. The chart shows that unaccounted for water has gone from about 2% to 5% for the past couple of years. That represents about 1 million gallons unaccounted for. There followed a discussion about possible sources for the loss. Bob suggested that the discrepancy might be due more to administrative differences rather than actual leaks. He noted that it there did not seem to be seasonal variations. Davin Benner of Granite Basin Engineering suggested that the pump station be checked at nights to see if there is water being pumped at night, which might indicate a leak. Bob indicated that we could also verify that accounts that have disconnected are actually disconnected and not receiving water.

Bob reported that he has sent out the annual backflow prevention testing letter to those with the devices and has received some test reports. He said he would continue to follow up with the remaining customers.

Bob reported that he and John Monroe had reviewed the files for outdated records after the last board meeting and we able to remove 8 boxes of unneeded paper from the files.

5. Capital Replacement Study Contract

Bob stated that he asked Davin Benner of Granite Basin Engineering to attend to discuss aspects of the contract and address any questions concerning the time required to complete the work. Davin indicated that it would be important for GBE to obtain the data files for the water modeling. That would reduce the time necessary to complete the study. Davin asked if the ISO inspector did pressure testing when they reviewed the system recently. Bob stated that they decided to use the fire department's data. He requested copies of the fire department data, but has not yet received it. Davin indicted that some pressure testing may be necessary in connection with their study, but he would check back if needed.

Action Item: Bob will contact Civiltec to obtain data files of the water system model.

After some discussion, Davin presented two copies of their standard engineering services contract for the project. The contract was signed by both parties at the meeting. (The Board approved signing the contract at the April Board Meeting.)

6. New Business

6a. Request to use the Glenshandra property

Bob reported that he had received an inquiry about the possible use of the Glenshandra property for an event to recognize the local Fire Department and Sheriff's office substation at a community event. The contact is Dan Speights of West USA Realty, who is a resident. The event is in the early planning stages and no specific date is set. They are looking for a place in the area to hold the event targeted for mid June or July. There was a discussion about insurance coverage, type of event and number people planned. Ken Mino indicated that if a decision were needed today, it would likely have to be no, based on the information available. Bob stated he would contact the GOWUA insurance agent (Bill Weber), to find out about coverages and contact Mr. Speights for additional information and report back to the Board.

Action Item: Bob to contact the GOWUA insurance agent (Bill Weber), to find out about coverages and contact Mr. Speights for additional information and report back to the Board.

6b. Election and Annual Meeting

Bob indicated that the terms of John James and Jim Peoples terms expire this year. John indicated he was willing to serve again. Bob did not know what Jim Peoples' intention is regarding running for another term. He stated he had a notice prepared to go with the May billing and ask for candidates to respond by June 20th. Then ballots would go out at the end of June to be returned prior to the July Board Meeting and Annual Meeting. Gene asked if the date for the Annual Meeting was set. Bob indicated that it has been held on the last Saturday in July. He then commented that a location needs to be determined. Ken Mino then volunteered his garage again this year.

Action Item: Bob will contact Jim Peoples and to determine if he is willing run for another board term.

There being no further business to discuss, Ken Mino asked for a motion to adjourn.

Motion: John Monroe moved to adjourn the meeting. Gerry Tumey seconded. Motion carried.

The meeting was adjourned at approximately 9:55 a.m.

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

Minutes transcribed by Bob Busch

Submitted By:

Secretary