

Granite Oaks Water Users Association
Board Meeting Minutes
July 27, 2011

Approved 9/28/11

THOSE PRESENT

Board Members

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

Contract Staff

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

Guests

Rusty Miner

The meeting was convened at 8:00am by Jim Peoples. Dave Kramer, Director was absent.

1. Election of Officers

Jim indicated that the first order of business is the election of officers. He asked for a volunteer to serve as president. There being none, and following a request that he serve as president for another year, he agreed. There was a brief discussion about the term of officers, whether officers served for a year, or for their term as a director. It clarified that officers of the board are elected (or appointed) for a single year. Ken Mino volunteered to serve again a Vice President and John James agreed to continue to serve as Treasurer.

Jim then asked if anyone was interested in serving a secretary. John Monroe asked about the duties of secretary. Rusty Miner indicated that he, as the previous secretary, principally maintained the corporate record book, signed & applied the corporate seal to official documents. He reviewed and commented on draft minutes prepared by Bob Busch. John Monroe then offered to serve as secretary for the upcoming year.

Motion: John Monroe moved and John James seconded the motion to confirm the following slate of officers for the upcoming year:

President:	Jim Peoples
Vice President:	Ken Mino
Secretary:	John Monroe
Treasure:	John James

Motion passed unanimously.

2, Minutes of Previous Meeting

Jim Peoples asked if there were any comments or corrections to the Minutes of the May 18th meeting. John James commented that Draft2 was the current version.

Motion: John James moved to approve Draft2 of the minutes of the Meeting of March 22nd. Ken Mino seconded. Motion carried.

2. Financial Report

Allan Kaplan reported that revenues for the first half of the year are within a few hundred dollars of budget. Expenses are over budget by about \$7,000, primarily due to the late billing & payment for insurance in January 2011 vs December 2010. Other items (for Civiltec and Clear Choice Design) make up the difference. For the 1st half of the year, the company is about \$6,000 under budget for net income.

Comparing with last year, billing is about the same as last year. Expenses are up- due to the January insurance billing and repairs & maintenance (up from last year due to tank painting). Accounting expense is lower than a year ago due to 7 months of MDI billing in the first half of 2010. Net income is about \$11,000 less that last year to date.

Only 1 capital asset item was added so far this year- a meter replacement. No new meters have been added to the system in 2011, 17 customers have changed.

Cash is down about \$2,000 from a year ago. Two new CD's were placed with Foothills Bank maturing in May and November of 2012 were placed (approximately \$50,000 each). Interest rates were 1% and 1.49% respectively.

There was a brief discussion about water rates being the same since the company's inception. GOWUA is one of the few companies remaining with flat rates.

John James reported that the current balance in the Corporate account is \$60,797 and the balance in the Operating account is \$33,463 as of July 26th.

3. Operator Report

Jim Muylle reported that the Deerfield well failed due to an electrical surge. It was put back on line with a fuse replacement.

The Mission Control mother board failed due to an electrical surge. It had been replaced less than a year ago and was still under warranty. Mission Control is sending a new unit at no charge. Until then, there are no alarms. Gerry Tumey indicated that she will continue checking the tank level register until alarms are restored.

Action Item: Jim Muylle will check to see if there is a way to provide reliable power to the unit.

The final booster pump should be onsite for installation within 4-6 weeks.

Glenshandra fence is complete and locks have been placed on the gates. Fann replaced the water pump at Deerfield. GenTech quoted \$1,600 for the repair. Fann completed the repair at a cost to the water company of \$840.

Jim Peoples asked about the coliform bacteria sample showing (absent). Jim Muylle explained that it means no coliform bacteria was present.

Jim Muylle stated that TTHM/Haloacidic acid samples are now taken annually rather than quarterly because regulations allow longer periods between tests when results are low and meet certain criteria.

Gene Zutell asked about the report item showing 1 blue stake completed. Jim Muylle explained that refers to the marking of underground water lines prior to a contractor's digging in the area.

4. Managers Report

Bob reported that backflow prevention device testing was completed in June. Twelve customers are required to have annual testing. An additional 7 property owners have wells and water meters, but are not customers. If they become customers a backflow prevention device will be required.

May and June use was lower this year than last year. (May 5.4 million gallons vs 5.8 million gallons in 2010: June- 8.0 million gallons vs 8.7 million gallons in 2010). Yet, water unaccounted for rose in both months from a year ago (May- 6.2% and 4.7% in June –vs less than 3% for the two month last year).

In June, 72 customers (15.8% of total customers) used over 30,000 gallons. Total use for these 72 customers was 3.65 million gallons (45.6% of total usage for the company). .

There were 114 ballots cast in the election (Zutell- 114 votes; Mino- 100 votes; Martinez- 2 votes)

Fencing at Glenshandra was completed by Davis Fencing at a cost of \$1,845.

Allan asked if 454 ballots were sent. Bob indicated that a ballot was sent to each customer, so we should have sent about 454 ballots. 114 ballots were cast, some voters only voted for one candidate, so 216 total votes were cast..

5. Old Business

5a. Action Items

Bob reported that all action items were completed except:

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

Action Item: Bob will schedule GenTech to make the remaining repairs and have the manifold shipped to GOWUA. (The manifold has not arrived.)

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5b. Annual Meeting

Jim Peoples indicated that the Annual Meeting will be at Ken Mino's garage (2560 Mesa Oak Ct.) All should bring their own chair. He confirmed with Jim Muylle that Mike Young will attend.

Action Item: Bob will prepare a brief agenda for the meeting.

6. New Business

6a. Generator Maintenance

Bob stated that he received a quote for \$3,112.36 from GenTech to perform annual maintenance service and load testing on the three generators. He also obtained a quote from Empire Power Systems for essentially the same service at a cost of \$2,460. Empire services generators for Fann. The quotes were very similar: load tests, checking cooling, lubrication and starting systems, checking engine monitors & safety controls and changing oil & filter and a performing oil & coolant analysis. John James asked if we had used Empire previously and Bob responded that we have not. John James asked if it was wise to use a new vendor. It was the general view that a different vendor should not be problematic. Bob recommended that the company use Empire.

Motion: Ken Mino moved to authorize Empire to perform the annual generator service. John Monroe seconded. Motion carried.

6b. Landscape Maintenance

Bob stated that he had obtained two quotes to maintain the Glenshandra site, including a general site cleanup, with monthly maintenance of the landscaped area around the building inside the fence. The cost for mowing and site cleanup ranged from \$400-\$700. So, he located a vendor to mow the site for \$100. Prices for monthly maintenance of Glenshandra ran from \$150 to \$175. In discussion with Jim Muylle, Jim indicated that Fann Environmental would maintain all three well sites for \$2,000 per year. Volunteers have been providing what maintenance has been done at Glenshandra.

Motion: Gerry Tumez moved to authorize Fann Environmental to perform landscape maintenance at the three well sites for \$2,000 annually. John James seconded. Motion carried.

Bob noted that he has a vendor engaged to trim the tree in near the building at Glenshandra and trim trees in the easement roadway to Deerfield. He mentioned that the elm tree on the west side of the Glenshandra lot is getting very large, and may cause a problem for the neighbor to the west. A major branch is leaning over onto the neighboring property. It may become a problem in the future.

6c. Bylaw amendment- Board meeting schedule

Jim Peoples read a proposed amendment No2 to the bylaws which changed wording on meeting schedules from quarterly to bimonthly. Upon closer reading, the present amendment states "Regular meetings of the Board of Directors shall be held at least quarterly without other notice than this bylaw" . It was agreed by board members that the bi-monthly meetings now being held, complies with that provision, and no further action on the proposed bylaw amendment is necessary.

6d. Operator Contract

Jim Peoples referred to a proposal letter sent by Mike Young of Fann Environmental offering to renew the contract at the existing rate for another three years.

Jim Peoples confirmed that the current contract expires on September 30th. Bob stated that the current rate is \$11.00 per month per customer.

There was general agreement that Fann Environment has provided good service and that a renewal at the current rate would be acceptable.

John Monroe asked if the renewal would be for one year or three years. Jim Peoples stated that the proposal was for a three year extension.

Action Item: Bob will have the contract renewal prepared by next meeting (September 28th) for board consideration and approval prior to the September 30th expiration.

6e Summit Bank Closure

Jim Peoples confirmed that John James had received a copy of the closure notification letter. John James indicated that the bank says they will keep everything the same for the time being. He stated that the only issue at the time is the closure of the bank drop box in Chino Valley. MDI presently uses the drop box. Bob stated that MDI plans to make deposits in the Prescott branch once or perhaps twice per week (Monday through Thursday- MDI is closed on Friday). Allan noted that cash comes in on fairly regular basis. It would be preferable to make deposits toward the end of the week later in the month to maintain the present cash flow pattern.

John James announced that M&I bank plans a merger soon with a financial group headquartered in Toronto and Chicago.

Ken Mino confirmed with Allan that operating income last year would have been \$31K rather than \$37.8k if the insurance bill had been received and paid last year.

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

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

The meeting was adjourned at 9:00a.m.

Next meeting: September 28, 2011, 8:00am – Post Oak Site

Minutes transcribed by Bob Busch

Submitted By:

Secretary