

Granite Oaks Water Users Association  
Board Meeting Minutes  
September 22, 2010

**Approved 11-17-2010**

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

Bob Busch, MDI  
Jim Muylle, Fann Environmental  
Allan Kaplan

Guests

Bruce Eldredge, MDI Financial Svcs  
Kim Eldredge, MDI Financial Svcs

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

**1. Minutes of the Previous Meeting**

Jim noted that there are two meeting minutes to discuss: the annual meeting and the previous board meeting.

Annual Meeting Minutes:

He indicated that the draft minutes stated that he opened the annual meeting, when actually, he was not present. It should state that Ken Mino chaired the meeting. Bob stated that that correction had been made, but he had not re-sent the correction to the board. Rusty suggested that the number of attendees be changed to indicate that 10 households were represented.

**Motion: Ken Mino moved to approve the minutes as corrected. John Monroe seconded.  
Motion carried.**

Board Meeting Minutes of July 28, 2010.

There were no suggested changes or corrections to the draft minutes.

**Motion: John James moved to approve the minutes of July 28th. John Monroe seconded.  
Motion carried.**

*Action Item: Bob will email revised and approved minutes to board members.*

Bob introduced Bruce and Kim Eldredge of MDI Financial Services. Bruce indicated that Dee Crooker has retired and Kim, his daughter, is now handling the GOWUA billing and customer contact.

Jim Peoples suggested that the board change the agenda order to discuss the MDI contract proposal.

Rusty commented that he was pleased to see that no increase is included in the contract proposal. He asked about how the detail of non-routine charges differed from the existing contract. Bruce indicated that non-routine charges cover those items that are unpredictable, or where MDI doesn't control when or how many items occur, ie late notices, requests for status from title companies, extra inserts included with bills. Bob stated that the current contract doesn't spell out the specific non-routine items and the proposed new contract will itemize those charges. Allan stated that non-routine charges amounted to about \$4,900 last year.

Rusty asked about the charge for board member packets, whether the charge is for each packet or for the month. Bruce stated that the charge is for the month. Kim stated that each month, four different packets are mailed: One set for the Treasurer, one for Allan, one for Bob and another for the remaining board members. Jim Peoples suggested the contract state that the charge is \$35.00 per month.

Rusty mentioned he understood the need for the non-routine items, but that there ought to be some incentive to make some improvements. John Monroe asked if there was some way to look at the billing process to see if it could be changed or improved. Kim indicated that currently, all customers get a paper bill and a return envelope. Those on auto pay don't use the return envelope. Some customers have inquired about emailing bills. Bruce indicated that email bills may not meet regulatory rules. Bob suggested that we check with the software vendor to see if auto pay customer bills can be printed separate from other customers, so that the return envelope could be easily eliminated from the auto pay bills.

*Action Item: Kim will check with the vendor to see if auto pay and regular bills can be printed separate, and if email bills can be sent. Bob will check to see if email bills meet regulatory rules.*

There was some discussion about title company requests. Some title companies request status of water billing prior to property transfer and this takes extra effort by MDI

Rusty requested that the \$35.00 charge for board packets be clarified in contract.

#### Summit Bank branch closure:

Bruce indicated that the Chino Valley branch of Summit Bank will be closing. They will maintain a night drop for deposits. National Bank has made a proposal that would possibly save GOWUA about \$11 per month. John James reported that National Bank does not pay interest on checking accounts as Summit Bank does, and he does not recommend making a change for \$11.00 per month. John also M&I bank does not furnish monthly CD interest, so he calls them each month and reports the interest to Kim at MDI. Summit Bank has agreed to notify MDI of their interest each month.

Very little cash is included in GOWUA deposits. The Summit Bank night drop might be satisfactory. Kim stated that her main concern is that with a night deposit, no deposit receipt is available. She has gotten Summit Bank to agree to send a paper deposit receipt to GOWUA.

It was the general opinion of the board members that a change at this time isn't warranted, provided Summit Bank sends deposit receipts.

Kim indicated that Dee Crooker felt that the Auto Pay system with National Bank was "mean and nasty".

Allan mentioned that MDI billing has been inconsistent throughout the past few months. Bruce explained that MDI intended to create it's invoice on the last day of the month, and issue the payment on the first of the following month. Twice in the past few months, the bill was created and paid in the same month. He stated that the issue has been corrected and that GOWUA will only receive 12 bills for services in 2010.

Jim asked the board how they wished to proceed.

**Motion: Ken moved that the board accept the MDI proposal for a new contract. Rusty seconded. Motion carried.**

Bruce thanked the board and said he welcomed a call or question from any of the board members at any time.

## **2. Financial Report**

Allan Kaplan reported that although this is not a quarterly review, he has reviewed the financials through August. He stated that revenues for August were down considerably from last August. Revenues for year to date are down about \$6,000 from a year ago. Expenses are up about \$6,000, mostly due to the double billing from MDI in August. About \$1,800 in water testing was paid in August. Some mis-coding of expenses to the wrong account (less than \$200) has been corrected. Net Income is down about \$12,000. Cash from June looks good, up about \$22,000 since last year.

John James is working with M&I Bank in getting them to report CD interest monthly so it can be tracked.

Allan questioned as to whether Account 252, could be used to collect for customer non-payment. Bob stated that Account 252 is used for meter installations. It is an advance for construction and is repaid or refunded over a 10 year period. It can't be used for collection of delinquencies. The Company could initiate a security deposit that could be used for collecting non-payment, but the deposit may only be held for 12 months, if no delinquency occurs. It must be returned to the customer after 12 months of no delinquencies. Allan stated Account 252 is down to about \$9,800. Some years ago it was in the \$40-50,000 range. Responding to a question from Rusty about what he does each month, Allan stated that, he reviews the monthly financials prepared by MDI. He reconciles cash, then reviews the balance sheet and income statement. He reviews each transaction to check the charged account is proper. On a monthly basis, he prepares the summary and overview reports that are discussed with the board. MDI does the monthly accounting, he audits the reports and prepares the quarterly summary.

John James reported that the balance in the corporate account is \$65,990 and the operating account is \$23,755. two CD's mature before the next board meeting and he will be looking at reinvesting. Dave asked if John had investigated investing in a bond fund. A discussion followed about bond funds and the safety of bond funds. John indicated he could investigate putting money into a bond fund. Bob indicated that there may be previously approved board resolution indicating where company money is to be invested.

*Action Item: Bob will check previous board actions regarding investing funds and advise the board.*

## **4. Operator Report**

Jim Muylee reported that Fann Environmental will begin meter verifications in October. They will be working in the northeast section of Granite Oaks.

Map samples were taken for the year. They include nitrates, nitrites, organics and VOC's.

Jim Muylle asked if the board would be interested in having Fann Environmental dispose of the scrap metal at Post Oak. Jim Peoples stated that the board would be interested. Fann Environmental could provide an inventory of items disposed of and credit and funds to GOWUA.

**Motion: Rusty moved that Fann Environmental be authorized to dispose of the pipe and scrap material at Post Oak and provide GOWUA with an inventory. John Monroe seconded. Motion carried.**

Rusty asked if Jim had any maintenance projects or repairs that should be included in the 2011 budget. Jim Muylle indicated that he didn't know of any right at the moment. Rusty requested that Fann & Bob coordinate and include any items in the budget.

Bob asked about whether adding a phone line at Post Oak would be worthwhile. Following some board discussion, it was left that Jim Muylle and Bob would discuss.

Bob reported that water use is down about 15 acre feet from 2009. Usage for August was only about half of the usage for August last year.

One water consultation was performed in the last month. Only a half dozen have been done in 2010.

Bob reported that the fire department had requested information concerning the number of hydrants, wells, pumps and high usage information in connection with a recertification by the ISO organization. The information will be used to re-evaluate the system and once it is completed, it may result in lower insurance rates for GOWUA homeowners.

He reported that he has talked to the customer who complained about water pressure and water hammer problems. Bob indicated that the Company should probably investigate further, since if the customer complains to the ACC, some investigation will be necessary in order to respond. He indicated that it is a customer relations issue rather than a clear Company responsibility to correct the problem. Bob stated that the customer has asked that a letter be sent to him stating that the Company does not intend to take any action. Before sending such a letter, the Company should investigate, get details and a suggested solution. Bob asked if Fann Environmental could investigate and recommend a solution, whether it is a customer fix or a company fix. Jim Muylle indicated Fann Environmental could check it out.

*Action Item: Fann Environmental will check into the problem and suggest a solution.*

## **5. Old Business**

### **5a. Action Items**

All action items have been completed:

### **5b. Service area map update**

Rusty stated that the map update is ready to go to Civiltec. He asked whether or not new vs old hydrants need be indicated on the map. General view of the board was that timing of hydrants need not be shown.

Rusty indicated that information about the current distribution pumps will be added to the drawing. Jim noted that the water line from Charter Oak to Post Oak may not be shown on the correct lot. All other information about lot combinations and lots with no homes will be overlaid on the map by the board.

*Action Item: Rusty will work with Civiltec to obtain two full size and a dozen 11x17 prints, plus the GIS and pdf file formats.*

## **6. New Business**

### **6a. Corrected Deed, lot 105**

Bob read an email from Yavapai Title concerning lot 105. Lot 105 was originally purchased by GOWUA as a part of the purchase for the Glenshandra well site. Lot 105 was then sold to the current owner. According to Yavapai Title, the Deed incorrectly stated the name of the purchaser, and a corrected deed is necessary.

**Motion: John Monroe moved to adopt Resolution 2010-8 authorizing the President to sign the corrective deed for lot 105. Dave seconded. Motion carried.**

**6b. Policy Book Revision**

Bob stated that the GOWUA Service Application is included as an Appendix in the GOWUA Policy Book. The state sales tax rate increased as a result of the recent ballot proposition. The Policy Book needed to be changed since it includes the tax rate that is applied to the service transfer/connection fee. The tax change increases the sales tax only by a few cents.

**Motion: John James moved to adopt Manager recommended revised Policy Book to include the latest sales tax rate. Rusty seconded. Motion passed.**

Rusty indicated he would like to get a copy of the latest Policy Book.

*Action Item: Bob will email the latest version of the Policy Book to board members.*

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

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

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

**Next meeting: November 17, 8:00am – Post Oak Site (NOTE: This is the 3<sup>rd</sup> Wednesday of November.)**

Minutes recorded by Bob Busch

**Submitted By:**

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**Secretary**