

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of September 24, 2025

Approved Oct 30, 2025

Board Members

Ken Nelson - President-Absent
JD Sale – Vice President
Matt Olson - Treasurer -via telephone
Daryl Mathern, -Secretary
Diane Harlan – Board Member
Robert Finke – Board Member

Contract Staff

Bob Busch - Manager, GOWUA
Cheryl Ibbotson – Ariz. Utility Billing Solutions
Derek Scott- A Quality Water Co.-Operator

Devon White–Legal Counsel
Angela Heitman – guest
Nathan John - guest

1. The meeting was convened at 9:00 AM at 302 W Willis St., by Vice President JD Sale.

2. ELECTION OF OFFICERS for 2025-26

Motion: Daryl Mathern moved to reelect the same officers as last year. Diane Harlan seconded. Motion passed unanimously.

The officers for 2025-26 are:

President Ken Nelson
Vice President JD Sale
Secretary Daryl Mathern
Treasurer Matt Olson

3. REVIEW/APPROVAL OF MINUTES OF BOARD MEETING OF August 27, 2025

Motion Diane Harlan moved to approve the minutes of August 27, 2025 with the corrections discussed. Daryl Mathern seconded. Motion passed unanimously.

4. REPORTS:

4a. Treasurer's Report

Matt Olson reported that there are still the 3 CD's, maturing in October, December and March. Interest is not paid until maturity. When the CD matures in December, \$5,000 will be added to it and all three CDs will have \$55,000 plus interest.

4b. Operator's Report

Derek Scott reported that everything is running well. The painters are nearly complete with painting the buildings. In response to a question from Diane Harlan, Derek reported that the power outage on August 30th, that affected Granite Oaks, resulted in the backup generator at Post Oak failing to start, causing a drop in water pressure in the system. He stated that during the course of a year, there are generally several times when APS power is lost. Our backup generators start up and nothing in the water system is affected. He stated the generators are automatically operated weekly for about 15 minutes to assure they are operational. He stated

that he got a low pressure alarm, and his assistant arrived within 10 minutes and was unable to start the generator. Empire Cat was called and they arrived within an hour and replaced the battery. There was a discussion about the alarms available at the sites. Derek indicated that he receives an alarm if the wells are called, but do not start. He does not receive an alarm directly involving a generator, only if the well does not operate when called.

4c. AZ Utility Billing Report

Cheryl Ibbotson reported that Allan Kaplan requested that the amounts for the ARPA project and the amounts for the repayment for the equipment failure due to APS, be listed separately on the balance sheet. The Board concurred.

4d. Manager's Report

Bob Busch reported that the proposed amendment to the CCRs for Royal Oaks Unit 3 did not receive 51% of the votes needed to pass, so there will be no cell tower on the Glenshandra property. Dale Wilson of DW Tower was notified of the results by phone and email.

He reported that unaccounted for water totaled 423,907 gallons in August, or 5.01%. There were 75 customers using at least 30,000 gallons in August for a total of 3,828,519 gallons; 15.8% of customers used 47.68% of water sold in August.

He reported that the water hammer on Glenshandra appears to be resolved. Mr. Zych's neighbor excavated his yard from the meter to his house and discovered a buried pressure regulator along with a twisted jumble of piping. When the regulator and piping were replaced, the water hammer discontinued.

5. PUBLIC COMMENT (limit of 15 minutes – 1 minute/comment)

None

6. OLD BUSINESS

6a. Action Items

- *Action Item: Bob Busch will attempt to work out an arrangement with the painter to use donated paint.*
Completed. Painter not interested.
- *Action Item: Bob Busch will prepare a letter from the Company to Mr. Zych regarding its position concerning the water hammer matter and forward to legal counsel for review.*
Completed. Letter sent to Mr. Zych.

6b. Discussion and possible action concerning the filing of a rate case with the Arizona Corporation Commission.

JD Sale commented that he questioned the rate structure for the larger meters. It seems that larger meters pay less for usage over 50,000 than smaller meters. (Chart on page 26a) Bob Busch commented that the water levels shown on page 20 are not correct and the percentage of meters over 10 years old on page 21 is also incorrect.

It was the consensus of the Board to have Sonn Albrecht make the changes as suggested, then forward the revisions to the Board for approval by email. If approved, the rate case will be filed in mid-October.

7. NEW BUSINESS

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7a. Discussion and possible action concerning filling a vacant position on the Board of Directors.

There was a discussion about the process to place a new member on the Board of Directors. There are several persons interested in serving on the Board. Only one position is available. The Bylaws indicate that the Board is to fill a vacant position. JD Sale suggested that each candidate prepare information about themselves for the Board, and attend the October meeting to speak to the Board and answer questions. Then the Board would vote to select the new member.

7b. Discussion and possible action concerning monitoring of backup generators at the 3 well sites.

Bob Finke suggested that a sophisticated and comprehensive monitoring system is needed for the water system. He suggested that there are consultants available to survey the system and recommend solutions. He mentioned several items that he believed to be important to monitor and record. He stated that he had done considerable research on the matter and passed out copies of his assembled research to Board members. He said that his research has indicated that regulatory agencies want 100% reliability and our system should be designed accordingly. He said that each component of the system should be examined to assure that no failure can occur to the system, such as with redundancy or spares. He said that cost is third in importance to reliability and quality of the water.

No action was taken on this item.

7c. Discussion and Possible action re: Possible vote to go into executive session for legal advice re: recent power failure in the service area.

Motion: Matt Olson moved to table this item. Daryl Mathern seconded. Motion passed unanimously.

Devon White commented that there is nothing in the ByLaws that contemplate an Executive Session. They state that all Board meetings shall be open to the public. The ByLaws also call for Roberts Rules of Order which state that an Executive Session can be called.

There was some discussion about notices that are required to be sent to ADEQ and ACC in the event of a loss of power, including potential fines that could be levied against GOWUA or individual Board members.

Action Item: Derek Scott will notify his Compliance Officer of the outage situation.

Action Item: Bob Busch will contact the insurance company to determine coverage.

Motion: Bob Finke moved to authorize legal counsel to review the GOWUA D&O liability insurance policy to determine Board coverage. Motion died for lack of second.

Motion: Matt Olson moved to direct legal counsel and Bob Busch to work together to notify ADEQ and ACC if required. Diane Harlan seconded. Motion passed unanimously.

Motion: Matt Olson moved to direct legal counsel to prepare an amendment to the ByLaws to permit an Executive Session as needed. Bob Finke seconded. Motion passed unanimously.

7d. Possible action as a follow up to the executive session referred to above.

No action taken.

8. ADJOURN

Meeting was adjourned at approximately 10:45 A.M.

Next meeting is scheduled for Thursday, October 30th.

Minutes transcribed by Bob Busch

Submitted By:

Secretary