

ICR Water Users Association
Board Meeting Minutes - Draft
May 25, 2007

Minutes approved: 6/26/07

Those Present:

Board Members

Earl Cummings, President
Bill Meyer, Secretary/Treasurer
R.J. Howard, Director
Shirley Lilien, Director

Contract Staff

Bob Busch, Manager
Chris Williamson, A Quality Water Co.

Guests:

Dane Taylor

1. The meeting of the ICRWUA was called to order at 9:02 a.m. by Earl Cummings. Meg Kleinman, Recording Secretary was absent. Bob Busch recorded the minutes of the meeting.

2. After a reading of the minutes by Earl Cummings;
Bill moved to approve the Minutes of the April 24, 2007 Board Meeting; seconded by RJ; motion passed unanimously.

3. REPORTS

a. Financial Reports

Bill presented the March financial report, summarizing Revenues, Expenses and Net Income, both for the Month and YTD, as follows:

	<u>March</u>	<u>YTD</u>
Revenues	\$ 37,934	\$ 79,039
Expenses	\$ 25,669	\$ 93,449
Net Income	\$ 12,265	\$ (14,410)

Motion: Bill moved to approve the March financial report; seconded by RJ; motion passed unanimously.

Bill presented the April financial report, summarizing Revenues, Expenses and Net Income, both for the Month and YTD, as follows:

	<u>April</u>	<u>YTD</u>
Revenues	\$ 18,585	\$ 97,625
Expenses	\$ 30,110	\$ 123,378
Net Income	\$ (11,525)	\$ (25,753)

Bob pointed out that the monthly maintenance payment from Talking Rock was not received in April, impacting the revenues by \$ 1,750 and that two monthly invoices for A Quality Water were paid in April, impacting expenses by about \$ 6,000.

Motion: Bill moved to approve the April financial report; seconded by RJ; motion passed unanimously.

b. Manager's Report—Bob Busch

1. System Operations:

Site Security—Fencing of the ICR well site has been complete at a cost of \$8,604.95

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Water Audit—April data was provided. Both systems showed more water sold than pumped in April. Chris presented information on meter readings from the ICR wells and the ICR distribution pump station between March 16th and May 24th, showing a loss of 2.77% between those locations. Once the customer meter reading data for May is available, it can be determined if any losses occurred on the distribution side of the system.

Water leaks—The leak at the Grey Bears pump station has not been repaired.

Air in lines at TRR-- There have been new developments involving the wells. Bill Meyer has prepared a study of the situation.

Backflow testing—Bob presented a summary of backflow testing for 2007. One customer has not responded and it was discovered that the entrance to The Preserve has a landscape meter requiring a backflow device and test. Both these customers will receive attention.

Bills of Sale:

Preserve at the Ranch—The Assumption Agreement for The Preserve/Talking Rock transfer was received from the attorney.

Action Item: Shirley will review the documents sent from the attorney and report back to the board.

Talking Rock—Harvard Investments is working on the Bill of Sale.

Whispering Canyon—Bob has received no response.

Inscription Canyon Ranch—Changes to the Exhibits for the Bills of Sale have not been made..

Action Item: Bob will add reference information to the Bill of Sale

ADEQ Notice re wells influenced by surface water—Nothing new to report.

Well Abandonment—Well abandonment has been completed at a cost of \$ 1,900. A copy of the abandonment report is in file.

Williamson Valley Fire District—The agreement was reported to have been signed by the WVFD early in the week, but has not been received.

Action Item: Earl will review the agreement with Steve Pierce prior to his signing. The board has authorized his execution of the agreement.

Non-profit status—The attorney is working on revisions to the Bylaws and Articles of Incorporation, incorporating changes suggested by the board.

Rate Case Filing— Information to file the rate case is nearly complete.

Line of Credit—All Staff Inquiries has been answered an we are awaiting Staff's response. Our attorney advises that the Staff has issued additional inquiries that will be received in a few days.

System water plan—Bob has begun a draft plan.

Financial Audit—Bob has received two responses concerning a proposed audit and forwarded to the board for review.

Whispering Canyon – Phases 3 and 4 have meter boxes installed with stub outs that do not accept a meter yoke. Meters cannot be placed without modification. Investigation is continuing.

Auto Payment – Our billing system can handle the auto payment (debiting of customer bank accounts) and National Bank provides the service. The bank charges for the service, but interest credits will offset all or nearly all the cost.

Action Item: Bob will arrange to start the system with a volunteer to work out any problems. Earl has offered to be the volunteer.

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4. OLD BUSINESS:

- a. Review Action Items** – The following action items are still pending, all others have been completed or closed:

Action Item: Earl and Shirley will meet with a county representative to discuss options for the maintenance of the flagpole parcel and the entrance.

Review of the Minutes of the February 17, 2007 Annual Meeting was tabled until the April 24, 2007 Board Meeting.

Action Item: Bob will add reference information to the Bill of Sale

- b. Aqua Meadows Agreement**—No Action Taken (remain as an agenda item)
- c. Review of TRR well agreement**— No Action Taken (remain as an agenda item)
- d. Non Profit Status** – Approval of Bylaws & Articles of Incorporation – No Action Taken pending receipt of documents from our attorney.
- e. Approval of Loan Commitment Letter**

After a discussion of the matter with Tom Bourassa later in the meeting, it was the consensus of the board that the loan commitment letter should be signed by the President.

- f. ADEQ – Sampling Plan for Compliance** – Chris presented a draft sampling plan instruction sheet for distribution with sampling bottles.

Action Item: Earl will assist in locating 20 customers to take samples for the ICR system; Shirley will assist to locate 10 customers for the TRR system.

Action Item: Bob will email revised Sampling Instruction Form to Earl & Shirley.

5. NEW BUSINESS

a. Talking Rock - In conjunction with a discussion about the TRR Agreement review, the board discussed several actions taken and planned by Talking Rock, involving equipment or infrastructure turned over to and now owned by the water company. It was the consensus of the board that ICRWUA needed to approve or consent to these actions in advance.

Action Item: Shirley and Bill will draft a letter to Harvard, for Earl's signature, notifying them of the requirement to obtain approval prior to working on ICRWUA assets.

- b. Consultant** – No action taken
- c. Audit proposals** – No action taken
- d. Rate Case Filing** – Tom Bourassa, CPA presented material compiled for filing the rate case. Material included exhibits showing adjusted revenues and expenses for 2006, the test year to be used for the rate case, along with proposed a proposed rate structure. The material was computed using a 10% operating margin.

After discussions, it was agreed that Tom would recompute the data with a 15% operating margin, using additional information from ICRWUA listed below; along with an anticipated cost of filing @ \$60,000 spread over 3 years and a conservation factor for 2" meters of 20%.

Additional information to be provided to Tom:

Action Item: Bob to prepare the following information by June 4th, with board response by June 8th:

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A list of capital repair and improvements, by year with cost estimate, purpose and need

*Action Item: Bob to send to Tom Bourassa by June 1st;
A list of actual water use by 2" landscape meters for 2006.*

Action Item: Bob to work with the rate case attorney to formulate a letter to go with the rate case filing regarding ICRWUA's actions to regain compliance.

The board discussed the need to take action on several pending items. It was agreed that the board would work as a committee of the whole on either June 7th or June 8th from 8:30am to Noon to form and action plan to deal with these pending items, and to invited Harvard to a joint meeting on June 19th.

Action Item: Earl will invite Craig Krumweide to a meeting with the board, tentatively on June 19th.

RJ moved to adjourn the meeting, seconded by Shirley. Passed unanimously. Meeting adjourned at 1:05 PM.

June Meeting—June 26, 2007, 9:00 a. m.