

**ICR WATER USERS ASSOCIATION**  
**Board of Directors Meeting, Talking Rock Ranch House**  
**December 8, 2009 Board Meeting Public Comments**

Approved

Those Present:

**Board Members**

Hugh Pryor, President  
Hal Lobaugh, Vice President  
Bill Meyer, Treasurer  
Jimmy Stoner, Secretary

**Contract Staff**

Chris Williamson, Water System Operator

**Member Guests**

Gene Leasure	Dayne Taylor	Marless Taylor	Chris Stoner
Curt Anderson	Leo Sullivan	Harvey Roberts	Clint Poteet
John Payne			

**Public Comment Session**

The following are questions/comments from the members, and responses by the Board:

Gene Leasure: I have a comment. I think I heard that there is a revised WAPA agreement with Whispering Canyon easement.

Hugh: No, just a duplicate. The problem was that when we gave the agreement to WAPA, they gave us back a copy. The County won't record the copy. They want the original. So, we went and did the whole thing over again, so we now have two originals and we're going to record the second one. They're identical.

Gene: Is that easement agreement on your website?

Jimmy: No.

Hugh: You asked last time to have a copy and we owe him a copy.

Jimmy: When I pick it up from Dee, we'll make a copy and you'll have exactly what we have.

Gene: Thank you.

Jimmy: I'll give you both. Whispering Canyon and Swayze. There are two Assignments.

Hugh: Don't you need those yourself?

Gene: Well, we'll read them and see if they includes us. If it doesn't, then we know we have to take issue with Old Capital.

Hugh: Maybe we should go talk to Cole and Swayze again.

Gene: Yeah, right. On that discussion about the operator having to turn off meters and turn on meters. There was a report on the amount of delinquencies, and all that. One of those listed was a new meter. Would that be a new meter to replace an existing meter or a new house connect? Do we know?

Hugh: It's probably a new house connect, I would think.

Hal: There is one that just started in Talking Rock last week.

Jimmy: That was my understanding, that there was a new meter being installed.

Gene: The last thing I have is the auditor's report. What time frame did that report come into the Water Co.?

Bill: What time was the report for?

Gene: No, when did she finally finish her report?

Hugh: Like three weeks ago.

Bill: It was somewhere around November 12, or something like that, I believe we met with her on that report. Now, the time frame was such that there apparently were delays in the information that the auditor needed to do the audit that were substantial. And so, although we started that audit in January of 2009, it was like June or something before she got, or July, before she got all the information. So, she did it rather quickly when she got the information.

Gene: Did MDI get the notice at the same time that the Water Co. did?

Bill: No. It came to the Water Co. and then we sent it on to . . . The Water Co. met with the auditor and then following that meeting, the audit report was sent electronically to MDI.

Gene: It's a little bit different than the Sanitation District. Actually, our accounting firm gets it before us. Well, they get it and bring it for our signature for approval. Okay, that's all I have. Thank you.

Clint Poteet: Jimmy, does the ICR pump station building have a building permit?

Jimmy: That's a good question, Clint.

Clint: Two way street, my friend.

Bill: You haven't been here before. How come you knew about this issue?

Jimmy: He must have read our detailed Minutes. I don't know.

Clint: Okay

Hal: What phase is that in?

Clint: Phase 1.

Hal: According to the County, everything that was, when Phase 1 was approved, everything that pertains to Phase 1 was approved with it.

Clint: I'm talking about across the street.

Bill: That's ICR across the street.

Hal: Oh, okay. Well, that's what the County's going to say to that one too, I think.

Hugh: Same answer.

Hal: Same answer.

Bill: Well, actually, it goes back to . . .

Jimmy: Let me get back to Clint's question. We may have the same issue if we go to the old pump station and decide we're going to make some upgrades. You know, replace the insulation. And so we may come up against the same issue. I don't know.

Clint: The issue I have is we obtained building permits. We built these structures, with building permits, so investigate as you want. I can probably give you copies of the building permits if I go back in my files. Go ahead and knock yourself out.

Jimmy: If that's not a big deal and you have them, then fine, it would be nice to have them in the record.

Clint: You have to realize that the County doesn't give you a Certificate to Operate unless everything's been approved, including the building.

Hal: That's right.

Clint: And you do have Certificates to Operate, so I guess my question is we were puzzled.

Jimmy: I guess we were puzzled when we were told that there were no permits required to clean out the pump stations and Cooper Morgan station and put in new insulation and put in interior barriers for the rodents.

Clint: That's true.

Jimmy: We tried to do it according to the book, and they said, don't bother, we don't want to hear about it.

Hal: Welcome to the County.

Gene: I've got a question, Clint, when you upgraded the sanitation office storage building, did you have to get a permit for that?

Clint: What station building?

Gene: The storage building at the sanitation plant.

Clint: No, because it's under 400 square feet. You don't need a permit for under 400, I mean 390 square feet, you don't need a permit.

Gene: That whole building is under 390 square feet?

Clint: The addition, Yeah.

Bill: Is that the County rule?

Clint: That's County rule. Anything under 400 square feet, any shed, any structure, does not need a building permit. That's County code. That's why all these ranchers build these structures at 399 square feet on their property because you don't need a permit. I've already had three friends just do it this year.

Bill: I remember as part of our conversation that we had with this permit business is that, like ten years ago, the county wasn't requiring permits at all for buildings out here, or something like that.

Clint: That's right. Well, no, it was about five years ago.

Bill: Well, the boost station at ICR was probably built in the mid-90's. There probably isn't one.

Clint: Just trying to make a point. It's a two street.

Bill: I understand, not fighting you, you've made a good point.

Dayne Taylor: Pardon my ignorance, when we have the air entrainment, you know, like well 1 & 2, does the meter read that air entrainment as volume? How does the water meter that runs the well field measure that? Or does it measure it?

Bill: It will see that as water.

Dayne: Okay. So, consequently, when we look at water loss with each system, at some point in time, there needs to be a percentage deduction, am I correct?

Bill: Right. Assuming you get it all out before it gets to all the meters.

Dayne: Correct. Because \_when it gets to the tank, most of it dissipates.

Bill: Actually, it doesn't.

Dayne: It does not?

Bill: That's the problem. It comes into the homes and . . .

Hugh: And comes out of my faucet.

Bill: So, it's going through all the meters, but if it dissipated before it got to the meters, then your point would be correct.

Dayne: So, in the calculations that somebody does when water is drawn from the well field . . .

Bill: It could be an error because there are bleeders for air along the line.

Dayne: Right.

Bill: But it doesn't get rid of . . .

Dayne: It doesn't get rid of all of it.

Bill: Right.

Dayne: And, the, what I call the Gray Bears boost station, water boost station, do you have an emergency operation plan for that?

Jimmy: No.

Dayne: So, it's an asset that sits there, may be questionable whether it's usable if need be. That would be part of your consideration for that facility, long term, short term.

Jimmy: As I recall, our meeting with an inspection of that building, that Chris had indicated that periodically, they turn on the pumps for a short period of time just to get water circulated past the seals, but they're really kind of dead heading. And if we were going to use it as a backup facility, they would have to set up a plan for how we would circulate water through that system periodically.

Hugh: You'd probably have to do something like you do for Molly Way. Have an exercise program and all that.

Gene: My understanding is that the valve is off over there at the valved off over there where the power line goes across the road.

Dayne: Oh, he's got it shut down.

Bill: That's my understanding also.

Gene: That would have to be, some valve switching has to go on to cancel out the tank on the hill.

Jimmy: Right.

Gene: And use the pumps.

Bill: That's my understanding also.

Jimmy: And how much purging do you have to do in the lines before you can say they're clean?

Bill: But that's standard procedure.

Hugh: It probably depends on how long you let it sit between exercises.

Bill: He does exercise it, so it is, that shouldn't be a problem if we actually can use it. Other questions?

Harvey Roberts: You didn't go into the details of this By-laws change, but it sounded like you're continuing the Architectural Review as part of the Water Co.?

Bill: That's correct.

Harvey: So, all this other stuff about separation and everything is on hold. The reason for it is the liability.

Hal: There is liability. As long as they go by the CC&R's, .. there's coverage.

Hugh: There's coverage. If they follow the CC&R's. We're just trying to clean that up so that the insurance is valid.

Bill: So, the draft amendment requires the Architectural Review Committee to enforce the CC&R's, and only the CC&R's. There's a document that has been handed out and continues to be handed out as part of new homes over in the first 180 lots of ICR that provides guidelines for the CC&R's and actually shows what would be fined and what the fines would be, so there's good documentation. They're required to follow that. They actually created that documentation, so it's very clear. The Architectural Review Committee enforces the CC&R's. That's all they enforce. And their enforcement is by and through the Water Board as the CC&R's require, and that they are required to communicate with the Water Board in a regular fashion, so that the Board is aware of what they're doing. So, we've tried to write By-laws that removes liability for

everybody as long as the CC&R's are followed. And if the CC&R's aren't followed by them, the people that are at risk are . . .

Hal: The Architectural Committee. The Board's not liable, or the Water Co.'s not liable, as long as we have a chain of communication.

Bill: We had three other options, none of which were quite as good.

Hal: Quite expensive.

Bill: One of them could take us back into another rate case kind of expense, and we didn't want to go there, with no end in sight. So, this was the, at least the Board felt, it was the choice of the least evil choice.

Harvey: I thought that one of those things was that it would turn it back to the owners to decide if we even wanted an Architectural . . .

Bill: You see, the CC&Rs cannot be changed for 25 years. Period. Once that's understood, then the options are pretty limited.

Leo Sullivan: They still have a lot of options as how they want to enforce the CC&R's, though. They have a lot of leeway. Example, do they have to notify the violator who the complaine is? There's a lot of discussion about that.

Hal: That's part of the CCRs. Does it mention it directly.

Leo: That's not mentioned in the CC&R's.

Hal: Then I guess they don't have to. If they do, they violate the CC&R's.

Jimmy: No.

Hugh: You can do more.

Leo: They have the operational procedures, which isn't controlled by the CC&R's because they made up their own.

Harvey: Does the By-laws that you talk about have to go to the Members to approve or can the Board approve them?

Hugh: The Board.

Bill: Only the Board approves the By-laws.

Harvey: I thought that there was a By-laws change a few years ago, that the members had to approve.

Jimmy: No, they did just the opposite, as I recall. They changed it so the Board can approve them without the membership.

Bill: No, neither's correct.

Hugh: It's been in the By-laws forever.

Bill: Actually, you're partially correct because several years ago, the Board, which at that time consisted of Shirley, myself, Earl, Hal, and Bob, R.J. We talked about, and was . . . not just talked about was a change in the By-laws that the Board alone cannot change the By-laws. Then the rate case came along. And everything else got lost in the process, but the Board actually was starting to discuss that as something desirable to do. But it's never been done. The original By-laws have always allowed only the Board to . . . required the Board to make changes to the By-laws.

Harvey: Another question. In association with the auditor, does she also do the tax return? Has that been done for last year?

Hugh: No, MDI does the tax return. The auditor's independent.

Harvey: Okay.

Bill: We used her for 2007 to procedurally review MDI's process for us.

Harvey: It sounds like you're splitting up the duties of the manager, which sort of preempts the fact that you don't think you need a manager. So, your meeting to decide that . . . it sounds like you've already decided.

Bill: I don't think so. I think there are some things that easily fall out into the accounting firm. For instance, the billing of Aqua Meadows, well the payment of Aqua Meadows, for the water that we pump. That's a simple thing to do. There are things that easily fall out for the operators. Most operators don't have managers to begin with, like we have with aQuality. Most water systems don't, but there are action item chores that you really do need a manager to fulfill. In my own opinion, I don't think the Board's consciously made any decision what to do other than to split up some of the duties where it's really not reasonable or necessary to have the manager doing it.

Hugh: Well, plus, Harvey, when you think about it, Bob left on the 27<sup>th</sup> of November, and we really haven't had time to decide if or how, or what kind of person we want, so in the interim, we're all kind of doing . . .

Harvey: Yeah, as long as these contracts that you're changing are temporary and not . . . The other thing I think he was doing was updating the website. Who's in charge to do that?

Bill: Jimmy, you're going to be notifying the website updates, right?

Jimmy: It looks like it's dropped on me. Nothing has been done at this point. And I don't know the exact procedure Bob used. I'm going to have to talk to him about that.

Bill: We haven't ironed out all of the things that we need to do, which is one reason we're meeting on the 15<sup>th</sup> to try to figure out where we are still. We met knowing Bob was going to retire. We knew we had certain things to cover in the interim, and we've kind of tried to do that, and now we're going to meet on the 15<sup>th</sup> to figure out where we go next. We really haven't made decisions.

Jimmy: There was some activity that was split between MDI and Bob. MDI would get the data and then they'd pass it to Bob, and then Bob would pass it back. Same thing for aQuality. It looked like you could take a party out of there and, like MDI picking up the two tasks that we talked about today . . . actually three. And aQuality could pick up some stuff because they were providing data to Bob and he was doing some massaging of data, and fill in holes.

Bill: So, part of it's taking out the third party. The middle party.

Leo: Without getting involved in the details, I'd like to see the Board make a recommendation to the Architectural Committee that they come up with some operational procedures in writing so that they aren't following a procedure willy-nilly when they do their enforcement. Just make a recommendation to them that they come up with something in writing. Because there's nothing in there now. The CC&R's don't cover that at all. They just make up their rules as they go along.

Jimmy: In our committee meeting with the three guys from ARC, they talk about the plan review forms and the violation keys to the CC&R's. Do you have a copy of those?

Leo: No.

Jimmy: Okay. They gave us the impression that these were given out to every new owner. Is that correct?

Bill: Yeah, they're in the new owner packages now. How long they've been there, I don't know.

Leo: So, they do have procedures.

Jimmy: They do have procedures. You might want to talk to Jan Marshall.

Leo: Well, I haven't run into it, but I see instances where the thing is non-enforced even . . .

Jimmy: I think there's a packet available from Richard right at the office.

Bill: And that's written into the amendment. That's the procedure they follow.

Marless: Now you're talking about Lots 1-180, though.

Bill: That's correct.

Hal: For an entity like that to be consistent 100%, it's almost impossible.

Leo: If it's in writing it's no problem.

Chris Stoner: You are planning to have more committees to take up some of the slack also?

Bill: I don't know that we've gone that far yet. That may be one of the things we do, but I think, my own personal opinion is, there's still a need for a manager, and what duties that person eventually has is still out there. I think some of Bob's duties were redundant.

Hal: I think it would be hard to replace him for that kind of money. I mean we gotta cut that work load way down.

Bill: Other questions? Okay, thank you all for coming.

Adjourned 11:15