

**ICR WATER USERS ASSOCIATION**  
**Board of Directors Meeting, Talking Rock Ranch House**  
March 23, 2010 Meeting Minutes

Approved

Those Present:

**Board Members**

Bill Meyer, President  
 Jimmy Stoner, Vice-President/Secretary  
 Tom Sullivan, Treasurer  
 Curt Anderson, Director  
 John Payne, Director

**Contract Staff**

Chris Williamson – Water System Operator  
 Cheryl Ibbotson – Wallace and Associates

**Member Guests**

Chris Stoner	Gene Leasure	Dayne Taylor	Eileen McGowan
Leo Sullivan	Harvey Roberts	Hugh Pryor	Chuck O'Brien
Kim Utz	Shirley Leasure		

1. **Call to Order** - The meeting of the ICRWUA was called to order at 9:01 A.M. by Bill Meyer.
2. **Review Minutes of the February 23, 2010 Board Meeting.**

**Motion:** Jimmy moved to waive reading of the 2/23/10 Minutes; Curt seconded; motion carried.

**Motion:** Curt moved to accept the 2/23/10 Minutes; Jimmy seconded; motion carried unanimous.

**3. Reports -**

(As most know, the Board Hired Wallace and Associates as our new Financial Firm)

**a. Wallace & Assoc. Report** - Cheryl advised that Wallace & Assoc. has the handheld meter up and running. They uploaded the meter readings to the billing program. Wallace didn't have the software given to them by MDI, so they had to create a patch.

Cheryl has done the financials for January (all data entry had been performed by MDI.) and passed out copies, but didn't produce the balance sheet because it is a mess. She hopes to have it up and running at the April meeting. The Board reviewed the financial reports that Cheryl provided.

The total income was \$16,500; the total expenses were almost \$58,000. Cheryl stated that she didn't see any water bills for the lakes in January. Chris W. advised that Talking Rock started filling the new Storage lake in January. Bill added that they started filling the lake in late January, and the meters were read prior to that date. Cheryl added that when she was doing an analysis of the month, she noticed that the big expense for the month of January was the general liability insurance, which was almost \$10,500.

Cheryl also produced two P & L's, broken down by the ICR division and the TR division. For ICR, the revenue was \$9,500, and the expenses were almost \$18,000. For TR, revenues were almost \$7,000, and the expenses were \$40,000. Bill added that at least half of that is depreciation. Cheryl stated that they hadn't even gotten into the depreciations schedules. Tom stated that in January, 2009, the Company had \$19,436 in revenue, and \$38,302 in expenses, which gave a net income loss of \$18,467.

Tom indicated that he received a call from Wallace & Assoc., who stated that they were missing six classes of documents. He wrote a letter to Bruce Eldridge at MDI, asking them to come up with the documents. Tom got a phone call from Bruce, who said that four of them should be in the seven boxes that Wallace received. Wallace's issue was that the folders containing the documents were not labeled properly. Cheryl has since been able to locate those four. Tom found the income tax return and property tax information in the file cabinet in the sales office and gave them to Cynthia.

Chris will sit down with Cheryl to advise which APS meters (and other resources) are TRR and which are ICR.

Cheryl gave Bill an invoice from the Water Company's attorney (Secretary Note: Bill Whittington). Bill advised Cheryl that the invoice has previously been approved, and she can pay it at this time.

Tom advised that he is very pleased with the work that Wallace is doing. Tom said that he expects to have the February and March P & L statements next month, and he hopes to be ready for the April 10 annual meeting to be able to review 2009.

Bill advised Cheryl that they would like the bills to be received by their customers by the first of each month.

Bill asked Chris if our change in accountants has caused any problems with aQuality. Chris answered that they are good with the handheld for awhile. The operative splicing software is actually an old DOS file. They're good with that piece of equipment until Cheryl changes computers or operating systems, in which he will have to do it over again. The handheld works exactly as it used to.

Bill suggested that the Board not try to accept the financial statement at this time to allow Wallace & Assoc. time to get a package together that gives them the detail they normally get. This was acceptable to the board.

***Action Item: Chris will sit down with Cheryl to advise which Power meters are TRR and which are ICR.***

## **b. Operator's Report**

Chris advised that the generator/radiator flush estimate is down to \$880, from AGM in Cottonwood. The Board advised Chris to go ahead with the flush (liquid flush, Ph adjustment).

Chris advised that he is still trying to find some free generator money. WIFA may provide a low interest loan to buy a generator.

The TR Well site emergency generator transfer switch + plug, etc. effort should be finished this week.

**Motion: The price of the Double Adobe heat exchanger is about \$950 plus shipping. Jimmy moved to authorize the purchase of the unit; John seconded; motion carried.**

One of the pressure tanks (in the old ICR Pump station) will be removed within the next week. The other one should go to Craig's List soon.

The pressure transducer on the high pressure pump at Molly Way has failed for the second time. A new one is on order, and been on order for over a week. They cost about \$500 each. Chris suggests getting a spare one to have on hand since the unit does not run without the transducer. Chris isn't sure if the power supply (we have a spare) is causing the problem, or if it is the transducer itself. He will know

more when he gets the new transducer installed. It was agreed that if the problem really is the transducer and not the power supply, then the Board authorizes Chris to purchase a spare one.

The valve that controls the flow into the TRR storage lake will need a pressure sustaining adaptation if it does not already have one. An orifice plate will still drain the TRR distribution system into the lake in the event of a boost station failure. Bill advised that there is one on the old lake. *Bill suggested that he will take the responsibility of verifying with TRR if there is a pressure sustaining adaptation on the new lake.* Chris advised that he does not have as-builts yet, and he keeps hearing that he will get them when it's all complete and everything's approved. There was a discussion about whether the line is on private property or not. Bill believes that based upon the ACC's insistence that the Water Co. own all the infrastructure, that this line to the lake has to be owned by us ultimately. He thinks even the meter has to be owned by the Water Co. He believes the Board needs to start the procedure to approve it, to accept it, and to follow up with as-builts. Bill thinks that the asset committee should work the infrastructure issue. Jimmy thinks the operations committee should understand how they are going to utilize the water system to handle the water going into the storage lake and ultimately delivered to the pond.

***Action Item: Bill will take the responsibility of verifying with TRR if there is a pressure sustaining adaptation on the new lake.***

***Action Item: The Assets Committee to have a meeting with Talking Rock to start the infrastructure acceptance process for the new storage lake.***

Chris pointed out that the use of an orifice plate is to maintain a steady flow of water into the lake. It should maintain fire flow into the rest of the system. The issue is that there is no way to shut that valve off if pressure is lost, in which case, the system drains. Gene Leasure asked Chris if there is a valve to shut the flow off. Chris advised that there are manual valves in the meter box which he cannot get to. Chris could go to the "street valve" and shut off the entire street (and anyone connected to it).

Chris advised that he is still running the groundwater under the influence of surface water tests (at the TR well field). He will do two more as soon as they switch over wells at the end of the week. Getting No. 3 at TRR will be fairly easy. Two of the five GUDI tests have been run so far. aQuality will be switching primary wells on both systems in the next week. This will allow aQuality to complete two more, and then will need to juggle the call sequence for a few days to sample TRR #3. All the unused wells in and around the TRR well field need to be sealed to prevent surface water from entering should there be another storm. The unused wells should be sealed, or "corked," not abandoned. Bill advised that the original TR No. 1 is 20' from what is called TR No. 1 now, towards Mint Creek. That is definitely on land that the Water Co. owns at this point. TR No. 4 is the well that is roughly 450' towards Mint Creek from TR No. 3. TR 5 is the last well that Harvard drilled. The latter two wells are owned by Harvard, on Harvard land, but the original TR No. 1, is ours, and that should definitely be capped. Bill thinks that we should talk to Harvard about their wells being capped.

***Action Item: Chris will get a price for a "sanitary seal," and if it's not too expensive, he will purchase and install it.***

**(Note: The Operations Committee contact Harvard about these uncapped TR wells? Should the committee evaluate other open casing to the aquifer and contact appropriate agencies?)**

The local fire departments are now reporting water use for training. Central Yavapai is being very cooperative and will be sending reports to us at mid-month. They used about 10,000 gallons during the last meter reading period. The Williamson Valley FD used an average of 3,100 gallons per month in 2009, but none between 1/15 and 2/15.

The ADWR leak detection equipment is in Phoenix and in demand. We are on the waiting list to borrow the equipment.

The valve exercise program has moved to ICR and is continuing.

Chris would like to purchase shelving units to better separate TRR from ICR inventory in the old ICR Pump house, at a cost of about \$400. The Board approved Chris to purchase the shelving units.

***Action Item: Chris to purchase shelving units at an approximate cost of \$400.***

Chris advised that the ADWR has a “water used” report which is due on 6/2/10. The AZ property tax form was handed to Mr. Sullivan, and is due on 4/1/10. The ACC annual report is due 4/15/10, and will be completed by Wallace. The Consumer Confidence Report is due by 6/30/10. Chris feels that between aQuality and Wallace, they are on schedule for the reports.

Chris advised that they just switched to the ICR well No. 1, which has the newer meter in it. He is hoping to get rid of some of the excess pumped that shows up between the wells and the distribution pump. The Fire Department is an estimate, but it was a full third of everything that is missing. Chris gets results from the Outer Loop Fire Station and perhaps the one on Iron Springs, but the one in Hootenanny is not Yavapai County. However, they keep track of what they use for training. They didn’t use any last month, but they averaged 3,000 gallons a month for training last year.

Chris advised that when there is a request for a new meter, the requesting person would ask Wallace for the meter. Cheryl would then issue Chris a work order (Chris fax the work order back to Cheryl upon completion). aQuality would then install the meter and record the meter number, route and sequence for meter reading. John advised that he has a friend in The Preserve who was advised that he could not get a water meter. Bill thought it was because of the switch between MDI and Wallace. It was clarified the owner must request the meter, not the builder.

There was a discussion on how the customer would get charged for a meter turn on or turn off. aQuality is to send an invoice to Cheryl for each turn on or turn off. Cheryl will then bill the customer for the charge and payments will be made to aQuality for the service. Wallace & Assoc. is aware of the tariff schedule for meter turn on’s and turn off’s.

***Action Item: Jimmy to send the ACC Decision 70977 tariff schedule to Cheryl and Chris W.***

### **c. Financial Reports (January and February)**

Tom reported that for the month of January, the total income was \$16,455; total expenses of \$57,858, which gave us a net ordinary income of -\$41,413. ICR’s net income totaled \$9,544; expenses for ICR were \$17,743, which gave us a net income of -\$8,199. TR’s net income totaled \$6,874; expenses were \$40,116, which gave us a net income of -\$33,241. (As noted above, \$10,500 was for the yearly insurance.)

Hugh Pryor asked if these numbers included depreciation. Tom said Yes.

Bill asked where the payments to Snell & Wilmer were posted. Payments are shown. Cheryl will check to see where these payments are post. Cheryl noted, it’s an accounts payable item expensed and paid monthly.

Hugh Pryor asked if the books reflect the S & W bill shows the full amount. Bill confirmed and stated when the final payment is sent we will then be able to also take the “forgiven amount” off the books.

#### d. Committee Reports

- **Operations Committee** – Bill advised that we will be conducting air concentration in the TRR well field this Thursday morning. The concentration of the air should not exceed a certain value from Wells 2 or 1, so he believes the air concentration should be measured each month through the rest of the warranty period. Hugh Pryor asked if Harvard is still watching during the testing. Bill stated he sent e-mail to Clint and Krumweide of Harvard of the schedule. Bill has had no contact from them.
  - **Storage Lake Meter & Operations Policy** - Jimmy asked what Harvard's plans are regarding filling/operating the new storage lake. Bill advised that they are running about 300 gallons per minute for 12 hours per day
- **ARC Resolution Status** – Bill advised that there have been some meetings with the ARC committee. An amendment to the by-laws has been prepared, which were reviewed by the Water Company's attorney. Bill sent out that amendment and the attorney's comments to everyone last week. He would like the Board to approve the 6<sup>th</sup> amendment to the By-laws that covers the Water Company's relationship with the Architectural Review Committee. Eileen McGowan stated the ARC was in agreement with the amendment. Bill advised that the amendment requires that the ARC follow the CC&R and By-laws of the Water Board. The CC&R's for Lots 1-180 in ICR do not allow change for 25 years. The ARC is under the Water Board, is under the Water Board's insurance policy and required to provide regular reports.

**Motion: Jimmy moved to accept the 6<sup>th</sup> amendment to the by-laws as drafted and corrected, and re-date the amendment to show today's date; Tom seconded; motion carried.**

- **ARC Report** – Eileen McGowan stated that they put a notice on the ICR list about barking dogs. Lot 174's plans have been approved and they have broken ground. Lot 84 has had their RV in their yard, and they are going to pursue removal of that vehicle. She gave the Board a copy of the March 23, 2010 letter to be sent the owners, along with a copy of their last Minutes. Bill discussed the contents of the letter, which states that the ARC is waiving all fines, but fines will accrue at \$75.00/day after two weeks of receipt of the letter by the owners. There was a brief discussion about how fines were established and documented in the rules back in 2003.
- **ACC Order Compliance** – Jimmy advised that they have good progress. They have made a couple of attempts to reformat the BMPs. He sent out an e-mail earlier to Bill to request Harvard to take on BMPs 9, 10, and 11, which relate to commitments by Harvard to make with respect to this reformat. Page 1 describes what it is about, and Page 2 states what they are required to do. Jimmy stated that he hopes to have this done by the next meeting. Jimmy gave a packaged to Bill to provide to Harvard. Jimmy stated that there is no ACC deadline to submit these reformatted BMPs. Chuck O'Brien stated that he would be happy to help. Bill will set up a meeting with Jimmy, Clint Poteet, and John Noyes to discuss the BMPs. A suggestion was made that perhaps we consider sending the first 8 that have been completed. Everyone seemed to think this would be a good approach.

**Action Item: Bill will set up a meeting with himself, Jimmy, Clint Poteet, and John Noyes to discuss the BMPs.**

#### 4. Old Business

- a. Wallace & Company Status – See above. Tom stated that Cynthia will not charge for turn on and turn off orders. The installation fee for a new meter is \$92.50. Meters are read in the middle of the month. Cynthia should be able to have the accounts balance sheet and financial statements prior to the annual meeting.
- b. Review Action Items – Jimmy reviewed the open action items. Results of discussion will be reflected in the updated Action Item List.:
1. Long Meadow Ranch registration;
  2. Chris to obtain more bids and install an emergency power switch at the TR well site;
  3. Bill to meet with Operations Committee and include EOP's within its scope;
  4. Asset Committee work with Chris W. for documentation on all Molly Way repairs, replacements and testing that has been done. Mark this done and use the later action item.
  5. Standby contract for emergency generator;
  6. Getting pressure tanks removed;
  7. Chris will check with the engineer to see what the scheme of operation is supposed to be;
  8. Chris to check with the engineer if he's correct in saying that all the water will now be deferred to the new lake;
  9. Tom and Chris to work on the Consumer confidence report;
  10. Jimmy, Curt, and John to go through the files and review the Best Management Practices;
  11. Bill to contact Bob Busch to see if there is other information that we don't have for the Molly Way infrastructure;
  12. Jimmy and Curt to work with Clear Choice Design to get the website current, check alternate website sources;
  13. Jimmy, John, and Chuck to go through the file cabinet.
- c. ICR Pump House Renovation – Jimmy advised that we should try to find a committee within the community to take a critical look at the facility to see what would be involved in renovating the pump house as a useful storage and meeting facility. The ICRSD indicated that it would also be good for them if the pump house was renovated. Curt stated that he thought the cost would more money than what we have at hand. John agreed with Curt. Eileen suggested using volunteers from the community to do the work. Bill thought that at least one Board member should be on the committee. Jimmy will put together a committee, to be called "ICR Pump House Renovation Committee."
- Action Item: Jimmy will put together a committee, to be called "ICR Pump House Renovation Committee."***
- d. Molly Way Memorandum - Jimmy thought it would be useful to give the membership some insight into what was discussed at the last meeting, including listing everything known about Molly Way, either good or bad, accumulating everything we can find, including as-builts, letters, etc. Charles O'Brien, Chris W. Dayne and I reviewed and prepared the memorandum. This is to understand what is deficient with Molly Way and what we need so we can go forward to Harvard to hold an in-depth discussion.
- e. ICR Web Site Status – Jimmy stated that he spent a considerable amount of time converting documents to .pdf and sending them to Debanie to add to the website. He is disappointed with the length of time it took to get things posted from when he had sent it to Debanie. He sent about 25 documents, all converted to .pdf, and it took two weeks to get them posted.

#### 5. New Business

a. Annual Insurance – The Board’s insurance for 2010 has been signed. The cost is roughly \$10,500. The policy coverage does include the ARC or any other subcommittee of the Board. Bill also advised that they met with Bill Weber, the insurance agent, who informed the Board what is included in the policy. Chuck O’Brien asked if the coverage is co-sensitive with the indemnity provisions of the By-laws. Bill answered that as long as we are following the By-laws, and the Board’s policies, we are okay. Unless the action was deliberately against the By-laws and policies, the coverage would apply. Jimmy stated that there is an umbrella policy of \$11,000,000. Jimmy and Chuck will compare the By-laws to the insurance policy to make sure everything is covered.

***Action Item: Jimmy and Chuck will compare the By-laws to the insurance policy to make sure everything is covered.***

b. Records Archive Storage – This item is still pending.

c. Annual Meeting Date – The Annual Meeting is scheduled for April 10, 2010, at 9:00, to be held at the Outer Loop Fire Station. Jimmy, Curt, Tom, and John think an announcement of the meeting should be included with the monthly bills to the customers. Bill thinks a separate mailing would be more effective. Jimmy suggested having Wallace stamp on the outside of the bill envelope, “Special Notice Inside.” Cheryl will order the stamp.

Bill previously sent a draft agenda of the meeting to the Board. He discussed having hand outs at the meeting, such as the 2009 financial statements, etc. There was discussion about using a PA system at the meeting. The Board members are to give comments to Bill, so that he can finalize the Agenda by Friday, March 26. Also discussed was the topics covered at the meeting as identified in the By-laws and preparing a handout of the material discussed.

Chuck O’Brien stated that when the Board presents the financial reports to the members during the April 2010 meeting, they should advise the members that the reports have not been audited. Bill stated the company has never had full audits, only procedural audits. The existing 2009 balance sheets will be used, although there are some concerns which need to be investigated and corrected as appropriate. Cheryl hopes to have the February, and perhaps March statements available for the April meeting. Hugh stated that during the 2010 annual meeting, 2010 data does not need to be discussed, only 2009 data.

Bill discussed the 2009 procedural audit, and that he’s asked Wallace to prepare the necessary documents to be prepared for the audit.

***Action Item: Bill to inquire about getting a loaner PA system.***

***Action Item: Cheryl will order the stamp that says, “Special Notice Inside,” and will stamp the outside of the next monthly billing. She will also enclose a notice of the 4/10/10 annual meeting on to be printed on colored paper.***

***Action Item: Jimmy to prepare a notice of the 4/10/10 annual meeting and e-mail it to Cheryl, for her to print and enclose it in the monthly billing envelope.***

**Public Comments:**

Gene Leasure asked about Lot 1 of ICR. He's been told that the Lot has been rezoned as commercial, which is not in compliance with the CC&Rs.

(Note: The Secretary has subsequently learned that the zoning of Lot 1 has not been changed. It is a residential lot.)

Secondly, Gene discussed WIFA. He stated that it's best to register and get the applications in very quickly, since they only meet every 60 days. Gene suggested an Officer of the Board should sign any application. Gene has contact information with the WIFA organization.

Harvey Roberts asked Chris about the pressure transducer. He wanted to know why Chris doesn't know why the transducer has failed twice. Chris advised that he will try to determine the cause when the new transducer is installed. This transducer type is installed in other water company locations with no failures.

Hugh Pryor commended the Board for the professionalism they have displayed, and that they are doing a great job.

Tom commented that Chris is giving an infrastructure tour on Friday, March 26, at 10:00 a.m. Bill mentioned this is a tour for the people who have already been signed up for the tour.

Meeting adjourned at 11:50 a.m.