

ICR WATER USERS ASSOCIATION
Board of Directors Meeting, Talking Rock Ranch House
March 24, 2009 Meeting Minutes

Approved 5/5/09

Those Present:

Board Members

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

Contract Staff

Bob Busch, Manager
Chris Williamson – Water System Operator
Dee Crooker – MDIFS

Member Guests

Leo Sullivan
Jerome Reid
Shirley Leasure
Gene Leasure
Dayne Taylor
Chris Stoner

1. **Call to Order** - The meeting of the ICRWUA was called to order at 9:00 A.M. by Hugh Pryor.
2. **Review Minutes of the February 24, 2009 Board Meeting and Special Meeting March 16, 2009.**
Bob questioned which version of the Minutes the Board was approving. He read the last paragraph under Manager's report in the minutes to confirm it was the correct version.

Motion: Jimmy moved to waive reading of the minutes, Hal seconded; motion carried.

Motion: Bill moved to approve the minutes; Jimmy seconded; motion carried.

3. Reports

a. Report of Special Meeting of March 16, 2009

- Hugh reviewed the various topics that were covered at the Special Meeting of 3/16/09. He stated that these Minutes will not be posted on the website due to the sensitive nature of some of the items.

Topics Discussed:

Snell & Wilmer Settlement
Member Complaint received from ACC
Aqua Meadows Easement
ARC
Parcels at entrance to Inscription Canyon
Responding to ACC Complaints and emails
Separate Secretary/Treasurer Duties??
Member questions & Volunteer for committees
Aborted TRR water shut down?

b. MDIFS Report

- Dee reviewed the MDIFS report. Ten delinquent notices were sent out. Of that ten, four paid the past due amounts, five have paid in full, and one is unpaid. The unpaid will be sent notice of termination. Bill questioned how long the unpaid bill will go before termination. Bob answered that it's no more than 90 days. Dee stated that this customer is currently 60 days delinquent.

- Dee advised that additional handheld meters are still are not obtainable. Core Software has other compatible handhelds and she will get information from them.
- Dee gave a summary of telephone calls received in February.

c. Operator's Report

- Chris stated that the shut down did not go as anticipated. We attempted to use an emergency back feed loop built into the phase 10 piping. Pre test appeared to work OK. When the main line shut down to TRR there was an immediate pressure drop. We returned everything to normal service. Later investigation revealed closed valves at 4 locations. The lake fill line also effects the process. With the lake line closed we performed successful testing, which was repeated 3 more times.
- Chris discussed a possible leak – could be spring fed or could be leak. He will keep an eye on it.
- Chris discussed a possible leak – could be spring fed or could be leak. He will keep an eye on it.
- Bob and Chris discussed unaccounted for water. Chris advised that he filled the tank at Phase 10 which could account for some of the unaccounted for water. Chris also advised that once the water leaves the TRR well field, there's no way to audit the water until customer and golf course meters are read because the flow meter at the main pump station failed. New sensors to repair the main pump station meter will be about \$1,400, but will provide a good audit point. He could rebuild the current meter for approximately. \$1,500. Hugh suggested that it would probably be a good idea to have another audit because of unaccounted for water. Chris will look into the cost of a new sensor and will forward it to Bob. In addition, Chris will read the levels in the storage tanks so that he can tell if some of the unaccounted for water is actually for tank fill.

Action Item: Chris will look into the cost of a new sensor and will forward the cost to Bob.

Action Item: Chris to continue pursuing the reason for the unaccounted water.

d. Financial Reports (Jan., Feb. & Mar.)

- Bob reviewed the December report with the Board. He discussed the net assets total as of 12/31/09 as being \$10,699,755. The final 12/31/09 revenues were \$367,343, and the final 12/31/09 expenses were \$661,415, leaving a net loss of \$294,071. The tax return will be based on these figures. Bill stated that he did not receive a copy of the December report. He would like to hold off on the December statement until the next Board meeting, or approve it conditionally. Shirley suggested approving it conditionally, and addressing any problems later.

Motion: Bill moved to approve the December income statement conditionally; Shirley seconded; motion carried.

- Bob reviewed the January report with the Board. January shows \$19,435 in revenue, \$35, 202 in expenses, with an \$18,766 net loss for the month. Assets totaled \$10,639,158, and liabilities were also \$10,639,158.
- Bill suggested the District cease carrying the Architectural Committee checking account as an asset since it's not the District's account.
- Bill recommended that the 1/31/09 balance sheet be modified, taking the Architectural checking account out. Shirley expressed that she thought it was premature to change the status of the checking account at this time. Hugh suggested getting MDI to figure out a way to still show the checking account on the report, but not have it included in the assets.

- Bill also questioned the Suspense Clearing Account amount, and asked for clarification.

Motion: Bill moved to defer the acceptance of the January 31, 2009 and February 28, 2009 income statements until resolution of the issues of the Architectural checking account and the Suspense Clearing Account; Jimmy seconded; motion carried.

e. Manager's Report

- Bob reviewed the Water Use Summary for February. He stated that there is very high unaccounted-for water in the TRR system (45%). On the ICR system, there is also a high unaccounted-for water problem (12.9%). Chris stated that aQuality has to make sure that the meters are read on the same day and time each month for both TRR and ICR. He has not found any leaks, so he believes it may be an accounting/timing problem. If it is a meter problem, the estimated cost of replacement is \$2,500 for a new meter. Bill recommended investigate to repair or replace the meter. Chris will check on the price of repair and/or replacement of the meter.

Chris advised that the transmit/receive parts of the transducers at the TRR main pump station are not working well. He suggested that the transducers and transmit/receive parts be sent in for testing.

Motion: Bill moved that Chris obtain estimates for either repair or replacement of the meter; Shirley seconded; motion carried.

Action Item: Chris to investigate the water loss and also look at the meter – get back to Board in two weeks with results.

- Bob advised that the bills of sale are all recorded for TRR
- Bob advised that the WC report says nothing is new, but Bob has received the contractor invoices for the WC tank. The developer is working on getting cost information for the well, which he should have in approximately 3 weeks.
- Operating budget – Bob will send the latest version of same to Board within next two days.
- Bob advised that MDI has the bills for mailing.
- Notice of Annual Meeting will go out with bills by Friday or Monday
- Backflow prevention device testing letters will be sent out this week.
- Complaint was forwarded from Corp. Commission. A Response was issued on March 20, 2009.

f. Committee Reports

- **Asset Transfers**

Bob inquired of Chris regarding the infrastructure of WC. Chris stated that, with the exception of three of fire hydrants, there are no issues. The fire hydrants will cost approximately \$3,000 each to replace. Bob to ask Tim Emberlin about paying for asset repairs. Chris will have the fire department come out and check the hydrants.

Action Item: Chris to have the fire department come out and check the hydrants.

- **Bylaws**

Shirley advised that the Bylaws have been tabled in the past, and believes the Board should revisit that in April. She also advised that she has been contacted by a couple of people who would like to volunteer for the Bylaws Committee.

- **ARC**

Already reported.

- **Aqua Meadows Easement**

Shirley reviewed the documents and sent them back to Bill Whittington for review.

- **Snell & Wilmer Negotiations**

Hugh has had a couple of meetings, and another meeting is scheduled in April, contingent on getting the Arizona Corporation Commission's final ruling and S & W final bill.

- **ICR Entrance Parcel**

Deeds will be recorded by adjoining parcel owners, Blochberger and Heitel.

- **Working Relationships**

Hugh suggested that a meeting be set up in April to talk about where we want to go, and try to enlist some help to get committees to work on those.

- **Board Policies**

Hugh advised that Hal is in charge of this, and his status is that he has three volunteers to date. He stated that it would be good to get another person from ICR for balance.

Note: Hal had earlier stated in our 3/16/09 meeting that he received no volunteers but had called people and Lani Beach, Rick Von Henkle, and Scott Robbins had indicated interest in participating.

- **Acceptance of Booster Station @ Phase 10**

No report provided.

- **WSA Implementation**

Hugh advised that he assumes ACC approves the agreement in December. Within 30 days after that, we need to get on with transferring the well and the well property, plan to test air content of water from all wells, and get preliminary plan and committee. Bill advised that he is planning to run an air test next week.

- **WV Fire District Agreement**

Jimmy advised that he picked up the last correspondence relating to this agreement from Bob, and he thinks it's prudent to wait until he gets a decision from the ACC. Hugh advised that he would like to be on the new committee.

- **Aqua Meadows acquisition**

Hugh advised that he hasn't done anything on the Aqua Meadows acquisition yet. He needs to talk to someone about approaching Steve Pierce, but will do it later.

4. Old Business

a. Review Action Items -

1. MDI to research handhelds – still working on this action item
2. Notify all TR residents for the shutdown to repair leak – completed
3. Bob to check unaccounted water – ongoing
4. Bob to forward information regarding Collection Company – completed
5. Post announcement at website for committees – completed
6. Bob to set up meeting for budget – completed
7. Bob to place notice on website for tours – completed

b. 2009 Operating Budget

- Bob reviewed the 2009 operating budget with the Board.
- He advised that the amortization and depreciation numbers were less in 2009 than 2008. He explained that this is due to the fact that a number of assets are fully depreciated.
- Purchase pumping power for TRR is now a line item, to be paid by ICR this year.
- Bob advised that the Company got approval for the lower APS rate – 15% less.
- Made adjustments for net cash flows – rate case, accumulated repayments to rate case, repayment of current amounts owed to developers. Cash flow will be \$10,000 if all assumptions for 2009 are true.

If the Board approves the Budget, then Bob will talk to TRR about what they owe (true up). Hugh stated that the budget may have to be revised after resolution of the rate case.

Motion: Bill moved to approve the 2009 Operating Budget; Shirley seconded; motion carried.

Bob asked for authorization for repayment of \$22,700 at the rate of \$5,000 per quarter, which is currently owed to developers. In addition, the company will make the CY 2009 payments as scheduled.

Motion: Bill moved to give Bob the authorization for the repayment of \$22,700 to developers; Jimmy seconded; motion carried.

c. Annual Member Meeting

The Annual Member Meeting is scheduled for Saturday, April 11, 2009 at Fire Station 57 on Outer Loop Road. A tour of the ICR water facilities will be conducted that day for anybody who would like to participate.

5. New Business

a. Separation of Office of Secretary/Treasurer

Bill advised that being both Secretary and Treasurer is too time consuming, so he would like someone else appointed as Secretary. He advised that he was stepping down from the position as of today. As

there was a Board member absent (Hal Lobaugh), it was suggested that this issue be tabled or addressed in a special meeting.

Motion: Bill moved that an interim secretary be appointed until the next Board meeting; Jimmy Stoner seconded; motion carried.

As Hal returned to the meeting while still in session, the Board readdressed the issue of separation of the offices of secretary and treasurer.

Motion: Bill moved that the separation occur and that Jimmy be appointed as secretary; Jimmy seconded; motion carried. 3 Ayes, 2 abstained

b. Collection Agency Contract

Bob had sent information to the Board for their review. Their fee is 40% to 50% of the amount collected. The Board discussed various other options, including placing a lien on the property. Bob suggested that the District turn over all delinquent accounts to the collection agency. The Board agreed that it would be a good idea to try the agency and see how it goes.

Motion: Shirley moved to try the collection agency for a three month period, and then re-evaluate; no one seconded; motion not carried; tabled.

Bob advised that the Board has received bills for infrastructure repairs along Cooper Morgan boost station for approximately \$3,600. Bob asked for approval to pay the bills.

Motion: Bill moved that Bob pay the bills; Jimmy seconded; motion carried.

Adjourn

Shirley moved to adjourn; Bill second; motion passed 11:00

OPEN TO GENERAL MEETING; DISCUSSIONS : Dayne asked how many people volunteered for committees; Hal has 3; Bill has 2, and Shirley has 2. Hugh advised that the Board would like all volunteers to sign up on the website. Adjourn: 11:05