

**ICR WATER USERS ASSOCIATION**  
**Public Comment Following**  
**Board of Directors Meeting, Talking Rock Ranch House**  
July 28, 2009

Approved

Those Present:

**Board Members**

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

**Contract Staff**

Chris Williamson – Water System Operator  
 Dee Crooker-MDIFS

**Member Guests**

Skip Reid	R. Steffenson	Jim Fite	Chris Stoner
Jeri Fite	Dayne Taylor	Pat Carpenter	Gene Leasure
Harvey Roberts	John Payne	Russ Hubbard	John Morley
Lani Beach	Leo Sullivan	J. McGowan	Chuck O'Brien
Susan O'Brien	Shirley Leasure	Erik Seineke	Fred Engel
Eileen McGowan	Kim Utz	Bobbie Engel	Irene Roberts
Marless Taylor			

**Public Comment Session**

Member/Owner Comments:

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

Harvey Roberts: You're talking about changing banks. I see you have \$84,000 in the bank. If I had \$84,000 in the bank, I'm a little cautious about what bank I put it in. I'm wondering if you did any checking on these banks because it's our money and banks have been failing, and I'm not sure what happens to the business account if a bank fails. So, before you just to save \$35 a month, make sure the bank is solvent.

Hugh: I agree. That's a good comment.

Skip: I wanted to make a comment about your website. I noticed that prior to the previous meeting, the Minutes that were referred to were up on the website as a draft. I couldn't find anything for last month's meeting. And also, I wasn't able to attend it, but I think there was an annual meeting. Was there a report generated for that?

Jimmy: I can answer that. I need one more go-around on the annual minutes tape recording before its complete. It's my fault.

Hugh: It's not fault. It's not like we haven't had other things to do.

Harvey: What about the draft minutes? Are they going to be continued to be put on the website prior to the meetings?

Hugh: My feeling is, and Jimmy you can comment on this as well, my feeling is that the Board should see a draft and have a chance to comment and that, at that point, we should put them up on the website. This past month, because of a lot of issues the Board has been dealing with, the draft minutes didn't come until ten days ago, I think. And so, we really didn't have time to thoughtfully comment and provide the input back to Jimmy. But we'll try to do better in the future and get those up so that people can see what we're debating ahead of time. The same applies to the agenda, and that's partly my fault. I got tangled up in last week's Big Talk Tournament here and had company for eight days, so I took time off from my Board duties and played in an event that I didn't do very well at, but will do better. I'll do better at the next meeting. I apologize for that. Skip's next.

Skip: I wanted to make a comment about the financials and then about the Architectural Review Committee. I think that if we got a bill from MDI for \$100, and we told them, you know, \$65, pretty close, it accounts for most of it, they would object. And yet, when I listen to Bob and the lady from MDI talking about our financials, we get an awful lot of “well, that accounts for most of it. Well, I think that’s right. Well, that’s kind of it.” These things are supposed to be exact and precise, and it creates a great lack of confidence in who’s keeping the books and how well they’re keeping them. Second, with regard to the Architectural Review Committee, nobody said anything – I mean, we talked about getting the ARC’s lawyer involved, and the Board’s lawyer involved, which may make the lawyers happy, but the people who are really the parties in interest here are the owners of Lots 1-180, who are subject to those CC&R’s, and if you folks in your infinite wisdom decide that it’s a good idea to hire an attorney without an engagement letter describing very closely what you expect him to do, and then the ARC hiring a lawyer to engage in a mono a mono with your lawyer, all of the residents are paying for that, and yet, we’re not at the table. I would suggest that in resolving the ARC issue, that you have some of the owners of Lots 1-180 there, because a lot of us are perfectly happy not having the Architectural Review Committee, but they seem to be intent on maintaining their existence.

Hal: Didn’t you elect those people?

Skip: No.

Shirley: That’s part of the problem.

Skip: What difference would that make?

Hal: I just asked the question because I knew the answer.

Skip: Well, they were supposed to be appointed. That’s what the CC&R’s say. Appointed by the Board. And then, Jim Edens and/or Earl Cummings, in their infinite wisdom, just make a unilateral decision at some point that they were going to be elected, so even if they are elected, they’re not on that committee legitimately according to the CC&R’s.

Hugh: You’re talking about the first four phases?

Many People: Three phases. Lots 1-180.

Hugh: I think, Skip, if you look at the By-Laws of the Company, and compare those to the CC&R’s, there’s a bunch of conflicts. I believe.

Skip: I have absolutely . . . I was explaining to somebody here that if you look back at the origin of this committee and its association with the Water Board, you had Swayze, Catherine, Bill Gary, running the development, and you had the same three people running the Water Co. It made sense that they would just . . . but it doesn’t make sense now.

Hugh: I agree with that.

Skip: So, I think most of the people in 1-180 would be perfectly happy having you guys just pay attention to really important stuff and, you know, we can take care of the ARC.

Hugh: Let me just amplify a little bit. I did answer your note. What I did was I drafted that, as I said in the meeting, I drafted a By-Law change which removed Article 11 from the By-Laws in two places – one in Amendment 4 and one in Amendment 3, and I sent that, not being an attorney and not having access to an attorney, I thought it would be unwise to pass a By-Law change that hadn’t at least had the eyes of an attorney on it to say, “yeah, that looks okay.” So, I sent it of to Whittington for review of that and that was the whole purpose. Just to make sure we hadn’t done something totally stupid, which we’re prone to do from time to time. And his response was something like, “that’s short and sweet and will do the job. I have contact from or made contact with the ARC attorney, and we’ve identified the issues,” and what he said was that the ARC people are willing to disassociate themselves from the Water Board provided a couple of things could be resolved. And I think one of those things is a vote of the members of Lots 1-180, and one other thing. So, that’s where we stand, and what I also told Whittington was, after he told me that, he said “I would hold off until we have a chance to work this.” I asked him if that was possible to work by the date of our next Board meeting, and he said he thought it was. So, that’s where we stand and I’m hopeful that – in fact, I’m hopeful that we can get this solved by the next Board or at the next Board meeting.

Skip: For what it’s worth, it seems to me that either the ARC themselves or their attorney are complaining of two issues. One is separation of ARC from the Water Board, that’s one issue. The second issue is what becomes of the ARC thereafter. That’s a different issue.

Hugh: You see, the thing that bothers me the most, and I know that the ARC is represented here, but the thing that bothers me the most is in the meeting that occurred in February '08, there were members of the ARC present, most of the Board was present, and the thing I remember, and I'll grant you that my memory isn't totally perfect, was that the ARC was to go off and consider what they'd been told and give us a response. We may have also agreed to meet again. I don't remember that, but Bill seems to remember that, but we never did get a response from the ARC after that meeting, and we have asked several times. And finally, Hal elicited a response from Fred Mayer that says that they are not going to do anything. It's up to you and your attorney. So, that's kind of where it stands. Or at least, in my view. My memory's not perfect on this for two reasons. One is I came in the middle of the thing, and so I don't know the previous history firsthand. And secondly, my memory isn't all that great and I don't record things. So, that's where we are and that's where it stands, and I'm hopeful that we can either sit down with a combined Board and ARC, and maybe their attorneys if necessary, and get this thing resolved by the next Board meeting.

Skip: You would want the Board at the table and you would want the representatives and owners of Lots 1-180. And either the Architectural Review Committee itself, or one of their members acting on their behalf, and then have those people reach an agreement about what's going to happen and then have the attorney document it.

Jimmy: My question was, during the Board meeting, I pressed hard for people sitting down around the table and trying to come to some common resolution. Is that what you want to do?

Skip: Well, without the attorneys, have the parties in interest – somebody from the Board, somebody representing in their capacity as an ARC member, and then folks from Lots 1-180. Have an open meeting and sit down and talk about how you're going to resolve it. There is historical basis for the two being connected. The Water Board and the ARC. But that no longer exists. It probably wouldn't stand up today, and I understand the Board wanting to absolve itself of any responsibility or association with the ARC. I think it's a lot simpler than what the lawyers are telling you.

Shirley: I thought it was simple, too. Until I got some e-mail telling me that I didn't have enough malpractice insurance to cover myself. Now that makes me a little nervous and it's a little hostile.

Chuck O'Brien: Well, maybe I can explain something . . .

Shirley: Mr. O'Brien, it's not a personal thing. It's not that I don't care about your house. I care about my house. I care about everyone's house. One value affects all the others, but the Architectural Review Committee is a de facto homeowner's association protecting your homeowner value. And the people in all the other sections have no interest in that.

Chuck O'Brien: Ms. Lillien, when you pontificate as a lawyer, it gets a little grating. I mean, I don't want to insult you, but I do want to point out that it is not an easy process. If it is not done properly, then Lots 1-180 will suffer substantial, irreparable, and immediate damage because what you will do, if you're not careful, is kill the ARC. The ARC will have no continuity. You can create something new and if 2/3 agree that that's how it's going to be, and then they agree to its powers, then you begin again. But everything that happened before is gone.

Shirley: We're not changing the CC&R's. You can still enforce them.

Chuck O'Brien: But what vehicle will enforce them?

Shirley: Create one.

Chuck O'Brien: And it's newly created. It can't reach back.

Fred Engel: It doesn't have to. You have a problem with this. Some of us don't. Like in my last subdivision, where a guy comes in a bunch of stick built houses and plots a double wide right in front of my front door.

Chuck O'Brien: And you hired a lawyer.

Fred Engel: Me and a bunch of the other neighbors . . .

Chuck O'Brien: Is that efficient?

Fred Engel: It's the only way it's done. What do you think the ARC is going to do? It's the same bloody thing. They have no authority except to go before a judge.

Chuck O'Brien: They represent all of the owners in Lots 1-180.

Fred Engel: Where do they get the money?

Chuck O'Brien: That's an issue. Maybe the Water Board will loan it to them.

Shirley: No, the Water Board will not loan it to you, and not only that . . .

Fred Engel: If you've got a problem what's going on, you and your neighbors, pony up. That's the whole idea of a subdivision you moved into....

Chuck O'Brien: It's designed to protect the interest . . .

Jimmy: Wait a minute. The discussion has degenerated into trying to craft a solution and who did what to Willy?

Skip: This is the exact reason why I believe that if you just turn it over to a couple of attorneys and they sit down and they resolve something in their minds and it's all according to what they learned in law school, there are a lot of people who are going to still be really unhappy.

Hugh: Your point is well taken.

Shirley: I thought it was very simple. And apparently, it's not because the e-mails that we are getting from both sides indicate that everybody's got their heels dug in, and then no one's willing to address the real issues. Should a Water Company be managing an Architectural Review Committee?

Skip: I don't think that's an issue. I don't think anybody thinks that's an issue.

Shirley: Well, but that's where we are, Skip. And how do we change that?

O'Brien: I think everyone agrees it should be transferred out.

Shirley: That's our only issue. The rest is up to you guys.

Chuck O'Brien: It has to be done properly, so that there is continuity.

Shirley: Tell the guy over there who's in charge of the Architectural Review Committee, get yourselves together, and do it, but it's not a Water Co. issue.

O'Brien: Oh, no the water board has to do it because it is the entity that owns all right, title, and interest.

Dayne: It's in the CCR's. What else can you do?

Shirley: The CC&R's don't control the Water Company. Therein lies the problem.

Skip: Right. Exactly.

Jimmy: We need a meeting to discuss this issue. Okay? Which is what was proposed earlier. We need to do that. And it shouldn't have anything to do with this particular meeting of this Board meeting of this Water Co. Except to say that we need to have a meeting of the interested parties.

Shirley: But apparently, the interested parties can't come to some agreement.

Skip: But never had a chance, an opportunity to sit down and talk.

Shirley: Well, I think you guys need to get together because it's really not the – the Water Co's solution is to get rid of the Architectural Committee. Period. End of story.

Skip: Why do you have this \_\_\_\_\_

Shirley: If it was illegal from the day it was done, it should be really easy.

O'Brien: Why do you say it was illegal from the day it was done?

Shirley: Because the charter for the Water Co. that was registered with the Corporation Committee, the Articles of Incorporation, give us authority to be a non-profit water company. Okay? The ARC was added after the fact, with no one approving it. No one ever approved that.

O'Brien: Who were the members of the original water board?

Shirley: There was Swayze.

O'Brien: And who created the CC&R's.

Shirley: Swayze.

O'Brien: Have you ever heard of an integrated transaction and the principles involved therein? You're not going to escape the fact that the Water Board has an interest in the ARC. It's very clear.

Skip: I think everybody agrees that the Water Board shouldn't be in the ARC business.

Shirley: Correct. It jeopardizes our non-profit status, by the way, and if you get sued, if the ARC gets sued right now, the entire Water Co. is responsible. People who are not living in ICR, who live in Whispering Canyon, the Preserve, and Talking Rock, are responsible for that bill.

Jimmy: Just like we were responsible – we're paying the depreciation allowance on the Talking Rock infrastructure.

Skip: And that should be changed, but that's as far as the Water Board's interest goes, is absolving itself of responsibility. The rest of us have an interest in either getting rid of the ARC or keeping it in a limited form.

Shirley: Let me make a suggestion. The Board and our attorneys are all convinced that we need to separate and that the Architectural Committee needs to come out of the Water Co. Okay? Where we go from there is really what the people in those lots want. Why do you refuse to get together and talk to each other? Why don't you come up with a solution for what happens after we separate? Because we're going to separate.

Skip: If we can get the Architectural Review Committee to meet with the lot owners of 1-180, without telling us this is what our attorney said we have to do, which is all I hear from them, then we may be able to accomplish something. But as long as you bring a lawyer in and say, you can't do this, you can't do that, we can contract among ourselves and agree what to do.

Shirley: I agree with you. We don't have to know about that.

Chris: You are in the CC&R's.

Shirley: It doesn't matter. I could write my name in the CC&R's . . .

Chris: The Water Co. is named in the CC&R's of the people that bought the lots.

Dayne: So, how can you say it doesn't matter?

Chris: You can't just say it doesn't matter.

Shirley: We're not doing anything to the CC&R's, except saying you're separate from the Water Co.

Dayne: Yes, you are.

O'Brien: You're trying to wash your hands, and by doing it, you will adversely affect the interests of . . .

Shirley: That's why we're waiting for the lawyers to weigh in. Either do it yourselves, or the lawyers weigh in. We're not going to resolve that issue.

Hugh: This voluminous, probably expensive, document which was put together by attorneys, provided a solution, a suggestion for a solution to the very problem.

Skip: And it probably won't fly, I'll tell you that.

Hugh: All that being said, at least it's a starting place. There is a play identified in here.

Fred Engel: To incorporate and become an HOA. You've already got a de facto HOA. We don't need an incorporated HOA.

Hugh: Well, if all you need is a Board member to come and sit in your meeting, I'll be happy to do that.

Skip: We'll see if we can get the Architectural Review Committee to sit down with us.

Hugh: Without any attorneys. I don't care about the attorneys. I'll be happy to sit as a member of the Board. I'll be part of the meeting. I don't have a problem with that.

Jimmy: Please let me know. I'll be there.

O'Brien: I have a question for Bob. Well, let me just present it because others of you may know the answer. I heard from Bob's report that there were amounts due to Pierces for the well site on their property.

Hugh: That's not true. The only thing about Pierce is in the contract that we have with them to buy water, there is an escalator that states that we escalate the price we pay for the water from their well site, proportionate to the rate increase that we get at a rate case. And what Bob explained was the way we computed what that increase was by taking the increase in revenues that was proposed in the rate case, as a percentage, and just applying that to the old rate.

O'Brien: I understood that the Pierce's were transferring title to the wells, as well an easement . . .

Jimmy: No, Chuck, you got it wrong. The Pierces own the well sites that provide the water to the ICR water system. The well transfer is the wells for the Talking Rock water system. So, the Pierce pertains only to the ICR water use on the ICR water system. ICR, WC, and the Preserve.

Hugh: Just so everybody knows, I did try to get the property away from the Pierces so that the Company owned it. And they declined. They wouldn't give it to us, nor would they sell it to us, and they want to maintain the status quo. But that's all in the record, as well. And the reason that I did that is because it became apparent during the rate case that the Commission was very intent on having water companies own their own water sources, which all makes a lot of good sense to me. Nonetheless, we had this contract with the Pierces, Aqua Meadows, and I had dialog with them and wrote them a letter, and they responded and said they were not interested in selling.

O'Brien: How many years is the lease, do you know?

Hugh: I think we have another . . . it's 25 renewable, but renegotiable as well, which is not, I don't think, in the best interests of anybody.

Bob Busch: We're about 12 years into the first period.

Hugh: So, sometime in the next decade or so, we're going to have to sit down with Aqua Meadows and negotiate a renewal at some rate which may or may not be favorable to the Company. There's nothing we can do about that at this point. That was all done a long time before any of us got involved or were even here. But at least we made the attempt. It's on the record.

Dayne: I have two questions. Is the Water Company charging Talking Rock the six inch meter rate for the golf course?

Hugh: No.

Dayne: Why?

Hugh: Because in the Water Services Agreement, it sets them to be exempt.

Dayne: So, are you telling us that the Order from the Commission, that they charge all rates and charges as defined in the Order, that somebody has made a decision not to follow the Order of the Commission to charge all rates and charges? There's no exception? There's no amendments that support what you're telling me.

Hugh: When we filed the rates and tariffs with the Commission, we filed that exception with it. It's in the record.

Dayne: And did the Commission acknowledge its acceptance?

Hugh: The Commission hasn't acknowledged anything that we've done since the rate case ended.

Dayne: So, you are in violation to the Order of the Commission?

Hugh: I didn't say that.

Dayne: But you are going outside of the Order as stated by the Commission?

Hugh: That's your position.

Dayne: I'm asking you the question. Are you or are you not following the Order as stated by the Commission?

Hugh: I believe we are.

Leo Sullivan: Who made that decision to file it that way?

Hugh: Well, the Board reviewed the filing.

Jimmy: I object to that. I did not review the docketed filing. It was not passed before me. I did review the docketed filing by Mr. Busch, but not the one by Mr. Crockett, where he inserted a note that's not part of the Order.

Hugh: What would you like, Jimmy?

Jimmy: What would I like? Get on Crockett and ask him whose authority did he get to file that with the Commission.

Hugh: Okay, I'll do that.

Dayne: I would like to know the answer. And I would like it in writing.

Hugh: Just as an aside, and I'll do what you ask, you personally sat in the negotiation of that Water Services Agreement.

Dayne: I did.

Hugh: And you agreed to the outcome.

Dayne: But there was no amendment made to the rates and charges by the staff that supports what you are saying. There were amendments made that were appropriate, but this one was not an amendment to the Order, and staff – in this recording that Jimmy has – that the Commission did not recognize anything from the Water Service Agreement except the \$1.40 rate.

Hugh: I'll be happy to talk to Crockett.

Dayne: Okay. And then the other one is to make this easy on the rates and charges, you know, for the people when they sign up for service, to put on there that this is subject to the rates and charges set by the ACC on such and such a date, and then you don't need to constantly changing the policy book or anything. You have the Order set by the Commission on the date of June 2, I think it is, that it's a given. And you don't have to change anything. You don't have to answer any questions. It's done.

Bob: Well, I guess we could do that. We'd have to send some kind of rate sheet to tell them what to pay because they don't know what to pay.

Dayne: Well, it's like the rates that you send all of the shareholders that stated what the new rate was going to be. It's no different, Bob. So, it's all there. And it has a scheduled effective date and all the things it pertains to based on the Order from the Commission. And it isn't a moving target. When we get another rate case, insert that as the new fees.

Hugh: Does that look like it's doable there, Bob.

Bob: I don't know.

Hugh: Well, we have the comment, and clearly, if that can be done readily, we'll do that.

Bob Steffenson: Last meeting, you directed the Architectural Review Committee to provide a financial statement. Have you received that?

Hugh: My understanding from Bob is that provided all of 2008 data, and we have the prior years already.

Bob Steffenson: Will that be made public?

Leo Sullivan: I'd like to make a comment.

Bob Steffenson: Let me get an answer to the question first.

Hugh: I think we ought to ask the ARC whether we want that to be public domain or not. It may be public domain. I'm not sure.

Jimmy: I don't know why you have to come to the Board to get the financial data. You're a lot owner in 1-180. You ought to be able to go to the Architectural Committee, and say, "hey, where's the data?"

Bob Steffenson: I haven't asked them for that. I'll do that.

Jimmy: My recommendation is go there first.

Kim Utz: Chairman of the ARC. At every meeting, we provide a spreadsheet of all of our expenses to all of the Committee members. Anyone who's attending those meetings certainly has the opportunity to look at that information. We have absolutely nothing to hide. We provided all the information that the Board's requested of us. If anyone wants to see that information, please come to the meetings. They're the second Tuesday of every month, 9:00 a.m., at the sales office, and we'd be more than happy to provide that information to you. It's not an issue to us at all. We have nothing to hide. What we are concerned about and will continue to be concerned about is that, as Chuck alluded to, the property rights of the lot owners of 1-180 are absolutely protected. We probably have no issue with the fact that the Architectural Review Committee being under the Water Board is a screwy operation. It doesn't make sense. There's no objection to that. Certainly, things need to be changed. Our objection is that it's changed legally, properly, and with the full knowledge of all the property owners and with their -- perhaps a vote -- I don't know how it will come out in the long term, but I think it needs to be done. Do we have an objection to sitting down with members of the Water Board, the Architectural Committee, and lot owners of 1-180, absolutely not. Absolutely not. What I do take objection with is Mr. Reid indicating that he's representing the lot owners of 1-180.

Skip: I didn't represent that. Kim, I never represented that. You're talking through your hat.

Kim: You've suggested that more than once, and I have an objection to that because you do not. You represent yourself.

Skip: And you don't represent the lot owners, either..

Kim: I'll tell you what. Under the direction of this Board, I don't care whether you like it or not, we were elected and approved by the Board.

Skip: And the CC&R's require that you be appointed.

Kim: We were appointed by the Board after being elected. Now, if you don't like it, run for the Board.

Shirley: The Board knew nothing about your election. I've been on the Board for four years and was never told anything about an election.

Kim: Well, Shirley, I'm sorry. What I said in the last meeting, and will repeat to you again, this is how we were told to do things. This is how we proceeded. Nobody ever told us anything different. What would you like us to do?

Skip: Read the document. Read the CC&R's.

Kim: Skip, I've probably read the document more times than you have, alright? If you want us to do things differently, tell us. We can't function without being told. And the last thing we were told was to hold an election, we will approve . . .

Shirley: Who told you that? I'm just curious.

Kim: Jim Edens.

Dayne: The previous President of the Water Board.

Shirley: He wasn't the previous President.

Skip: The heck he wasn't.

Shirley: Earl was the last President. Jim was before Earl.

Hugh: Earl was the previous President.

Shirley: And my term on the Board has all been under Earl. And that's four years. And the last meeting, R.J. was the member of the Board, R.J. Halley, and there were two other people on the Architectural Committee, and that's the last I heard.

Kim: You know, we're a sub-committee of the Water Board. The Water Board's never bothered to come to a meeting or ask questions.

Shirley: We got reports from R.J. at our monthly meetings. That was it. Until he went off the Board, I guess. When his wife passed away, he went off the Board.

Kim: If you weren't getting information and you required it, someone could have asked.

Eileen McGowan: I'd like to clarify Hal's comment about the attorney that the ARC uses. The attorney hasn't been hired to sue the Water Board. The attorney has been a representation that we've gone to as a guideline to help with assistance on this issue, but he's not hired to just sue the Water Board.

Hal: But you still hired an attorney.

Eileen McGowan: Well, you can talk to us. That's not an issue.

Hugh: You know, I already offered to sit in your meeting. Okay? We don't have to go over that anymore. We'll be there.

Kim: And the other issue with the attorney is that the Water Board, back in the day, Jim Edens and others, requested us to hire an attorney. They have an attorney to use when necessary. The attorney's not on retainer.

Jimmy: Did they approve of the attorney you selected?

Kim: I don't have an answer to that, Jimmy. I can't imagine they didn't. We were definitely requested to find an attorney to use when necessary.

Hugh: Would it be a big deal for you to provide to the Board of the Water Co. any reports you generate out of your monthly meetings?

Kim: Are you talking financial reports?

Hugh: Financial, or Minutes, or whatever. Would you do that in the future?

Kim: Sure. Now, let me make sure, you want a financial report, as well as Minutes, or do you just want Minutes?

Hugh: I want both.

Skip: He said any reports.

Hugh: Anything that's generated out of your meetings. I'm making a request that you provide that to us on an ongoing basis.

Kim: I already indicated that I would do that.

Leo Sullivan: I think we're losing sight of the fact that the golf course is now a customer, a member of the Water Co., correct?

Hugh: Yes.

Leo Sullivan: If you check the Arizona Revised Statutes, you'll see that all members are dictated to have equal rights and equal obligations. Equal obligations is, I would assume, to pay their bill.

Chuck: I think that you'll want to talk to your attorney about this, but I believe a lot of the issues that have been presented could be resolved if you, as a not for profit corporation, created a subsidiary corporation and transferred all right, title, and interest of the ARC into it, and that's going to have to happen in order to transfer the ARC, the old ARC, into a new entity. What you do is just merge the two, but under the umbrella of the corporation outside the Water Board. It would be very simple, but then you still have to deal with the CC&R's.

Hugh: I think that's what was suggested before.

Chuck: By whom?

Hugh: By the attorneys at the meeting in February 2008.

Chuck: I don't recall that.

Skip: Yes, they suggested forming a new, not for profit corporation, push the committee into that, and then set sail.

Shirley: Those books were given out to anybody who attended that meeting, so Mr. Mayer and whoever the other person was who were attending for the ARC should have those books.

Hugh: And if they don't, we have one here.

Skip: I'll sell this one to Kim for a good price.

Gene: I have a question on the storage pond that's going to be put in. How will that pond fill?

Hugh: From the effluent, from the sewer company.

Gene: No groundwater whatsoever?

Hugh: There will probably be groundwater, as well. It's the same way this one is filled, which is a combination of effluent . . .

Gene: That's a huge storage pond, and you're intending to fill it with groundwater?

Hugh: Partly, yes.

Marless Taylor: I was quite concerned when Bob Busch made the statement that he did not know about something that had happened at the last Board meeting, and was sort of like that was an acceptable excuse for him not looking into the handheld meters. And I just wanted to suggest that the Board and the business manager need to put some

kind of a system into order that they are informed about things that happen when they aren't at the Board meeting, because here we are a month later and there's a possibility that we've lost those meters and will have to pay considerably more for them because of that neglect. And I have another thing I wanted to make a statement about. I thought it was interesting that you, Hugh, needed verification for the ACC report that Jimmy Stoner presented, but you want to accept word of mouth from Shirley Lillien for something that happened years ago as far as the Board approval of the policy book.

Hugh: I didn't say I accepted it. I just said there were two members of the Board that were at that meeting where it was accepted. I have no documentation of that. I have no recollection. I don't even know who . . .

Marless: See, that is my point. You made it sound like you did not need documentation for that statement, but you need something for what Jimmy presented.

Hugh: You know, all the stuff that's public record, Marless, we try to put up on the website. If this is public record, I have no problem at all putting it up on the website.

Marless: That's not the point, Hugh. It is that you want to present it in a manner that it is acceptable whether we have documentation or not on something that happened years ago at another Board meeting, and that was not questioned in any way by you. You might have made that statement, but that was not questioned or made a statement that you needed documentation.

Hugh: I have word from two people. I do not have word from the rest of the people.

Marless: Yes, and that's enough for you. But Jimmy and Bill Meyer were two people also, and that was not enough for you, was it?

Hugh: I take exception. It's not adequate.

Marless: I know, you always take exception. I love that you say, "I have to paraphrase."

Hal: What's your point?

Marless: I'm trying to say that if verification is needed for one thing, it should be needed for others.

Shirley: Do you know what the problem is really? It's that the rate case is over and done with, and the Board has made the decision that the documents from the rate case will be posted on the website and everyone could read them without interpretation. And you can read all that stuff. Okay? And we shouldn't continually be rehashing the website. It's very destructive.

Marless: I'm not even talking about the website.

Skip: She's not talking about the rate case or the website. It's the impression that you projected that something that Jimmy presents, which he claims is an ACC transcript, needs validation to be sure that, in fact, it is from the ACC, but when Hal and Shirley say they remember being at a meeting, you, in defense to what somebody said, said we've got two Board members who were there.

Hugh: That doesn't mean that I'm accepting it. There is no documentation. I apologize.

Jimmy: I think this is a valid point. I mean, I present information that was obtained from the ACC and you question the veracity of what I present? That's okay. I can tolerate it, but it's fact.

Hugh: It would have been nice if you had provided that sometime before the meeting and not hand it to me in the middle of the meeting.

Jimmy: Would it have made any difference?

Hugh: Yes.

Jimmy: Not! You demonstrate over and over and over that you have a bias, and that's okay. I can tolerate it.

Eric ?: Where's the transparency?

Marless: Shirley Lillien said "everybody is threatening to sue." And somebody tried to get her to say who everybody was, but they went on to other things.

Shirley: I didn't say that.

Marless: Yes, you did.

Shirley: I said I received an e-mail.

Dayne: You said everybody.

Shirley: This has disintegrated into a very personal . . .

Hal: What's it mean? I don't understand you folks. I really don't.

Marless: We don't understand you either.

John Payne: Last month during the board meeting, you were talking about water pumps and water bills for the two sides, and there's a shrinkage. So many gallons of water, but you don't bill that many gallons of water. And I think you had shut down one of the wells on the ICR side because you said when it starts up, it pumps a lot of sand and that water just goes out, I guess, onto the ground, and you were trying to figure out if that's where the shortage of water was because you start talking millions of gallons, 8 million gallons, at least, and you're paying the \$.24 for it, that adds up to a few dollars.

Hugh: We pay for what's pumped.

John Payne: What's pumped, but not what's billed?

Hugh: Correct.

John: The two have a million dollar difference.

Hugh: True.

John: I just was curious. Was that the problem or is there still some shrinkage?

Hugh: I'm sorry that Chris isn't still here, but we've come up with a couple of plans – we've added some metering at a couple of locations to try and keep track of where the water is disappearing, so that we have some handle on whether it's from pump to boost station, boost station to out here, or up to Phase 10, and meter all along the way so we can tell where there's shrinkage. Part of the problem on the ICR side is we don't really have intermediate locations to meter. The thing spider webs out so that the only way you can get the information is to read all the meters at the same time, which is extremely difficult. I really believe, since we can't find any water on the ground anywhere that it's a matter of bookkeeping and meter reading timing. Now on the TRR side, it's really easy to understand in June, when we're throwing 500,000 or 600,000 gallons a day. If you miss a day, if you miss one day in your reading, I mean, there's going to be an error of 600,000 gallons or maybe even more, but we're diligently trying to track that down. The accepted norm, which just boggles my mind, is 10%.

Leo Sullivan?: But if it's meter reading, you should eventually catch up. The next month . . .

Hugh: Well, you know, it's interesting that you should say that because we go along for months and we have unaccounted for water that is huge, and then we go along for a couple of months and we have unaccounted for water which is negative, which means that we're getting water from somewhere and that leads me to believe that it's basically a meter reading timing issue.

Leo Sullivan: Well, sometimes you do fall behind and sometimes you do go ahead.

Hugh: Exactly.

Jimmy: That appears to be true for the Talking Rock side, but the unaccounted for water on the ICR side never seems to make up, so clearly, we're losing water. One of the issues they had was a check valve on the ICR side on one of the well pumps and that pump was taken out of service for a month, and I didn't get from Chris' report if, in fact, that was a major contributor or not. He didn't report on that, but I'll ask Chris about that.

Hugh: There's another issue that's involved with the unaccounted for water, is changing the water level in the storage tanks. So, the water gets pumped into the tank, gets pumped out of the tank, goes to customers, but the difference in levels from one reading to the next is a lot of water. Those things hold 337,000 gallons, so if you go from 10 to 16 feet, that's a whole lot of water. We're trying to track that down and it's important that we understand where the shrinkage is if, in fact, there is shrinkage, or whether it's just a bookkeeping issue.

Russ Hubbard: I assume that the meters are calibrated on some regular basis? Meters have to be calibrated.

Hugh: I don't actually know the answer to that.

Hal: We're taking steps effective September 1. We're doing all kinds of things effective September 1

Russ: But meters do have to be calibrated, right?

Hugh: Yes.

Bob Busch: We just calibrated the ones on the distribution pump recently. That one should be okay now.

Hugh: The other thing is, and this is speaking as a layman and not as a scientist that knows a lot about water systems, but I'm told that as meters age, they tend to read low. So, some of these meters have been in place for a long time, have not been calibrated, need to be calibrated, and some of that may account for some of the shrinkage. We're really interested in trying to figure out where 5, 6, 7, or 10 million gallons of water go in the space of a year. Particularly since we're paying for a lot of it and we're not recovering the costs.

Bob Steffenson: We talked about a meeting of the Water Board representatives and the ARC and lot owners. I'd like to see a date set for that today before we leave, and I would suggest that we do it at the next regularly scheduled meeting of the Architectural Review Committee. Second Tuesday, 9:00 a.m.

Hugh: If you guys could work out a meeting time, I'd really appreciate it. I have a lot on my plate, as you might imagine. And I'll figure out a way to make myself available for that.

John Morley: I refer back to old meetings and I understand that you can't remember everything that's gone on in the past, however, it seems to me when you're making substantive decisions, if there are policies in place, you need to follow the policies or find policies. The discussion on the attorney, it would seem to me that – you say, “well, we have to carry on some of the older things,” but you're guiding documents that you're committed to, it seems to me, on an annual basis. So, if you don't have the dollars in there to pay this other attorney, then to me, the Board should take an action on those things to encumber those expenses. I don't think we should be saying, you know, two years ago, we made some agreement, or a previous Board made some agreement, that you don't have a contract to or an attorney retainer, then to me, it's really some new action that the Board should take.

Hugh: Your comment's well taken. Let me just say one more time, for those of you that haven't heard me say this, I got into this a year ago January. What I saw was not real pleasing in terms of what had happened in the past - things that had been neglected or done, perhaps, not as properly as they could have been. I think this Board, in spite of the opinion of others, has made some real progress in tidying things up and trying to be more businesslike. We've got a long way to go. It's not going to happen on my shift. The next Board's got its hands full with the same kinds of issues, and I think it will be quite a long time before everything is fixed. And it's mostly due to the fact that it was started not very well. Some things were not done properly. Policy is one of them. There is no policy, per se, other than the policy book that we think was approved, but don't really know. But I think we're trying to go in the right direction. Part of the discouragement that I feel that if we get a lot of what I'd call hecklers that cause us to do work that's away from trying to make the Water Co. better. In some cases, the input is really good and very helpful, but it

would be very beneficial if the Board was allowed to try to work on issues that are of importance to everybody, rather than being diverted to side issues. Now the people who make these comments don't think they're side issues, and I'm not criticizing anybody at all, other than to say my input is way larger than my capacity. And so when I don't answer things properly or promptly or maybe even misinform people, it's not because I'm not trying. It's because I am overwhelmed. A little volunteer job that's supposed to be 10 to 12 hours a month has turned into 25 or 30 hours a week. I've been retired for a long time and I'm not used to working that hard.

John Morley: Obviously, on some of these issues, it seems to me that you ought to take some public comment, not at the end of the meeting, but during the meeting, but somehow try to limit it. And I understand it's difficult, but maybe only allow so many people to speak for a short period of time, but it seems to me . . .

Hugh: I've thought about that. It turns out that this Water Co., this Board, is not required to follow the open meeting law. We tried to emulate what that is and have public attendance and comment. We could close the meetings. I don't think that serves any useful purpose because I think everybody ought to be involved and to know what's going on. And to the extent that I'm able to ask for things to be put up on the website so that it's accessible by most people, I try to do that. Have I made mistakes? Of course. I've tried to go in the right direction, and I've gotten a lot of guidance. I'm doing the best I can. I think the Board is doing the best they can under pretty extreme circumstances. And the fact that I don't do it the way Fred or John or Pete like, I can't help. I'm not going to please everybody. I can't please everybody. It turns out, I apparently can't please a lot of people. And I apologize for that. As I said, I'm doing the best I can. I'm gonna hang in there until the end of the year. I'm not going to run again because it's just too much work. But between now and the end of the year, I'm gonna do as much as I can to make this a better place. Believe it or not, that's up to you.

Dayne: Can I make a suggestion that the Water Board consider inviting Craig Krumwiede to one of these meetings for maybe interaction with the community. I've worked with Craig quite a bit over the last five years, six years, and just for him to be invited to attend the meeting, he can get a barometer of his own as to what some of the situations are with the Water Co. and the community. I think it would be beneficial to all involved, but I think that the Water Board should be the one who initiates that.

Hugh: The truth is, he has a standing invitation to these meetings.

Dayne: Would you reinforce that?

Hugh: I've done that in the last 36 hours. Hopefully, he'll come next time.

\*\* End of Public Comments\*\*