

**ICR WATER USERS ASSOCIATION**  
**Board of Directors Meeting, Talking Rock Ranch House**  
August 25, 2009 Meeting Minutes

Approved 9-22-09

Those Present:

**Board Members**

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

**Contract Staff**

Bob Busch - Manager  
 Chris Williamson – Water System Operator  
 Dee Crooker-MDIFS  
 Bruce Eldredge - MDIFS

**Member Guests**

Chris Stoner	Gene Leasure	John Payne	Dayne Taylor
Lee Gibson	Bob Steffenson	Roger Stock	Larry Bligh
Tina Bligh	Harvey Roberts	Craig Krumwiede	Pat Carpenter
Walt Gontowski	Pat Bledsoe	Craig Brown	Chuck O'Brien
Kim Utz	Fred Mayer	Eileen McGowan	Marless Taylor
Eric Seineke	Vicki Sawyer	Scott Robbins	Will Evans
Shirley Leisure	Virginia Hilkemeier	John Morley	

**1. Call to Order** - The meeting of the ICRWUA was called to order at 9:05 A.M. by Hugh Pryor. Hugh reminded the audience that during the official part of the meeting that runs when it's called to order until adjournment, questions and comments from the audience are not accepted. There will be a period for questions, answers, and comments after adjournment.

**2. Review Minutes of the July 28, 2009 Board Meeting.**

**Motion:** Bill moved to waive reading of the July 28, 2009 minutes, Shirley seconded; motion carried.

**Motion:** Jimmy moved to accept the minutes of the July 28, 2009 meeting as presented; Bill seconded; motion carried.

Hugh advised that the Board has been putting the public portion of the meeting on the website, and wanted a motion to accept those.

**Motion:** Jimmy moved to accept the public comments of the meeting of July 28, 2009; Bill seconded; motion carried.

**3. Reports**

**a. MDIFS Report**

- **Delinquency & Shut Off Notices** – 13 Notices of Delinquency were sent out last month. Of those, 2 were paid in full, 4 remain unpaid, and 7 made partial payment. There was one Notice of Termination sent out, which was paid in full.
- **Handheld** – Bob purchased 2 used handhelds on e-Bay for a total cost of \$227.80. A test was done on the handhelds with the existing data card and they appear to be in working order. Bob also purchased a memory card for \$24, and when received, it will be sent to RVS for programming.
- **National Bank vs. Summit Bank** – Dee compared the costs for the two banks. There will be an approximate saving of \$256.50 per year with Summit. The cost to purchase new checks, deposit

slips, and an endorsement stamp will be approx. \$84.06. The new account is an interest bearing checking account. Jimmy asked about stability between the two banks. Dee stated they are FDIC approved. Summit is small, has 3 branches and provides friendly service.

**Motion:** Bill moved to switch from National Bank to Summit Bank; Shirley seconded; motion carried.

**Action Item:** Dee to switch the Water Co.'s accounts from National Bank to Summit Bank

- **Certificate of Deposit** – The Water Co. currently has a CD at National Bank. The new rate is 1.34% for 12 months. Summit Bank is offering a rate of 1.74% for 9 months or 2.23% for 18 months. The Board advised Dee to move the CD to Summit Bank for 18 months.

**Action Item:** Dee to switch the CD to Summit Bank for 18 months.

- **Signers on National Bank Accounts** – Since the accounts are being transferred to Summit Bank, there is no need to update the signature card at National Bank. Need January minutes for election of officers and authorized signatures at Summit Bank.
- **Member List** – Dee discussed owner/renter and parcel number columns on the member list. CORE has a report that has a field the Water Co. could use for the number of votes. Dee expects to update us by the next board meeting.
- **Additional Item:** Bruce Eldredge discussed a rate increase for MDI with the Board. He would like to increase the current rate by \$100, or to \$325.00 per month, on the accounting alone. This is due to the fact that MDI is now fragmenting the reports into the various water companies, which MDI wasn't doing when originally contracted. Everything else would be a 3% cost of living increase. Bruce clarified that twice a year, MDI has to deal with security deposits and refunds. This has been treated as non-routine because it doesn't happen on a regular monthly basis. Meter credits are done on an annual basis, so this is also treated as non-routine. He also discussed the cost of sending out delinquent notices, which is currently being charged \$2.50. He would like to increase that to \$2.58. If the letter is to be certified, the charge has been twice for that, or \$5.00. Jimmy suggested that the Board schedule a meeting before September 1, 2009, to address the increase. Bill didn't believe that the Board could address the issues by September 1, 2009, so Bruce advised that he is agreeable to holding off on increasing the rates until October 1. **The Board will discuss this further and address the issue at the September Board meeting.**

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

Chris thanked Mr. Busch for cleaning up the Well houses, etc. Chris advised that the controls that were installed in the last couple of months in the Talking Rock System are working very well. Everything is fully automatic again. He also advised that there are enough backup safeties in the TRR system, with new software so that from the first phone call saying that the tank level is low, to the point where it automatically shuts everything off, is 3.5 hours. The ICR water system has been kind of invisible by running smoothly for quite awhile. The boost station by the front gate has sprung a leak in its air conditioner. He had to shut down the water coolant to protect the electrical. The same company that's working on Phase 10 has already ordered a new unit and will put that in. He has no idea of the price. The pump stations of Phase 10 are still being tuned. One skid is working, and he will go back and try to make the other one work. Chris is looking for homeowners to volunteer for the annual lead and copper tests. John Payne from WC volunteered.

## **c. Financial Reports (July)**

Bill advised that the report he received does not properly account for amortization of the TRR infrastructure, so he would like to table the discussion of the July financial reports until the September

2009 meeting. Jimmy clarified with Bruce that the Water Co. has been doing amortization on the ICR side, and now the TRR side has to be done since the some assets were reclassified. In MDI's new schedule (complying with the newly revised guidelines from the ACC), he will have ICR assets and TRR assets that will have to be dealt with according to the asset categories and schedules. There was further discussion about asset categorization for ICR and TRR and amortization. **Jimmy recommended the Asset Committee meet and discuss this further.**

Bill discussed the cash flow analysis for the month of July 2009: The checking account balance for July 31, 2009, was \$87,981.53. The checking account balance for June 30, 2009, was \$83,930.17, showing an increase of \$4,051.36.

#### **d. Manager's Report**

- **System Operations – Water Audit** – On the ICR system, we have 3.3% unaccounted for water. The total amount of water delivered was 3,051,000 gallons. There was only a few hundred gallon difference between the meter sales total and the amount shown at the newly calibrated meter at the pump station. This should help isolate the source of the unaccounted for water to the section of the system between the pump station and the wells. Chris advised that a new meter was installed about three months ago and it was within ¼ of 1% when shipped from the factory. The one meter that has been used at the well site has never been recalibrated, so it might be a good idea to have that meter recalibrated (Well #2). He also advised that we're losing water from the well meter up to the boost station. Chris also advised that the golf course meter should be calibrated after the season, perhaps in January.
- **Bills of Sale** – Bob has received the contractor backup for WC. He met with the developer, Tim Emberlin, and Hugh Pryor last week. WC has agreed to get an Assignment of the power line utility easement. A document has been signed and sent to the Department of Energy. Bob advised that he inspected the ICR well located in Long Meadow Ranch. There are problems with registration and ADWR. The well is shown being registered to an adjoining property owner. He will work on getting this straightened out.

**Action Item: Bob to work on getting the well registration at Long Meadow Ranch straightened out.**

- **ICR Property Transfers** – The deed has not yet been recorded transferring the property on the north side of the street at Williamson Valley Road & ICR Drive. Jim Heitel has promised to do this.
- **Aqua Meadows** – Complete.
- **2009 True Up** – Bob forwarded the final true-up to Harvard in early August. Harvard owes the Water Co. \$9,021.37. Harvard is not contesting the amount owed.
- **Handhelds** – See above.
- **Pest Extermination** – TRR has a severe mice infestation. The buildings are insulated, but not dry walled. Bob has received two quotes, and the lowest bid is \$5,150 for all 5 buildings, to removing the insulation, sanitizing, and rodent proofing the buildings. After consulting with Chris Williamson and Hugh Pryor, he engaged Orkin to do the work, which was completed on August 21. Bob is in the process of getting prices on re-insulating and sheeting the inside of the buildings. Chris advised Bob that if cost is an issue, the main boost station should be done first. Bob didn't know what was going to be used for interior sheeting.
- **ACC Compliance** – Bob drafted a letter to the ACC, requesting an extension to October 27. To date, he has not gotten a response from the ACC.
- **Backup Generator** – Bob was not able to find anything in his files concerning a backup generator. He contacted many vendors in the area, and found that a rental 75-100kw trailer mounted generator could be on site within ½ day to one day. However, there is no way to hook the generator up to the TRR wells. Chris Williamson obtained a price of \$5,800 to install a

transfer switch at the site. Chris is going to obtain some more bids. Jimmy asked Bob if he contacted Earl to see what he had in his records, but Bob could not recall if he spoke to Earl about this or not. When asked, Dayne advised that the Water Co. previously had an open purchase order with Empire but he was sure it had expired.

**Action Item:** Chris Williamson to obtain more bids to install an Emergency power transfer switch at the TR Well Site.

**Action Item:** Bob Busch to call Empire regarding estimates for an open purchase order.

- **Motion/Action Item Lists** - Bob has prepared a summary of Motions passed by the Board since January 2006, along with an Action Item List for all action items assigned by the Board since January 2009.
- **Requests for Records** - Two written requests for a member list were received from members. The member list have been provided following Board approval.

#### e. Committee Reports

- Asset Transfers - See Bob's report above.
- Operations Committee – Bill advised that Pump 2 has been replaced for TRR and is now back on line.
- ARC Resolution – The Board is in the process of setting up a meeting with ARC to get a resolution to the situation.
- Board Policies - Jimmy advised that the Policy Committee had a meeting, and they will develop policies and procedures for running the company according to ACC rules and Arizona statutes. The Policy Committee also agreed that they would send the draft out to the Committee members as Word documents, each Committee member will annotate them individually, and then incorporate all changes in an effort to move forward to completing a final document. Jimmy advised that the Policy Committee is attempting to conclude Version No. 1 of the Policy and Procedures Manual by the end of 2009.

**Additional Item:** Jimmy commented on the Williamson Valley Fire District Agreement. They now have their own well, and that the need for this Agreement probably goes away. He felt the Water Co. needs to go over and collect their meter. The Board also needs to decide if the Water Co. is going to give them the standpipe. Shirley thought the Agreement expired, as did Jimmy. The Fire District can still hook up the hydrant, but they have no access to the standpipe. Jimmy advised setting up a meeting with the Fire District Chief. Bob suggested that the Water Co. get the standpipe back from the Fire District. Chris advised that the Fire District is estimating their use by best guess, and he thought it would be appropriate for them to supply a meter for their training hydrant to get a more accurate idea of what they're actually using, or the Water Co. could install a meter to it. Bill and Chris felt the Fire District would provide us a monthly summary of their water use for their training. Chris felt we should encourage them in getting and using a Hydrant meter

- WSA Implementation, ACC Order Compliance – Hugh reviewed the changed status items:

**Best Management Practices** – The Board submitted them to the Arizona Corporation Commission yesterday. The Water Co. still needs to implement two things for completion of this item.

**Transfer of Well Field Land**– The Bill of Sale is ready for signature, and will hopefully be executed today.

**Well 2 Pump** – Replacement is completed.

**Air Production** – Now that Well No. 2's pump is replaced, the air content tests can be run to make sure we're within the 3.5% limit specified in the WSA

**Record Easement per WSA** – Ready for signature.

**Infrastructure Acceptance** – Applied for an extension with the ACC.

**Storage Pond** - TR Golf has a permit to build, and construction should start in September.

- **Additional Item:** Hugh advised that the Board held a special meeting on August 20, 2009, for the purpose of discussing Best Management Practices that were put together by TR and Chris Williamson. The Board packaged them up, made a few changes, and agreed to forward those to the ACC, which was done yesterday. Also discussed at the special meeting were the following topics:

**Whispering Canyon Assets** – There are no more issues with assets on WC, with the exception of having access by getting a license for the easement area that DOE gave to the developer of WC.

**ARC/BPCW Cost & Efforts** – Also discussed was the ARC and the costs to date since the most recent interchange with the Water Co.'s attorney. The Board asked him if he has a copy of the engagement letter, which he does. It was executed in 2006, and that's being forwarded to the Board. The attorney also indicated that the Water Co. spent about \$2,000 or less on the most recent interchange. The attorney sent a letter to the Board giving the Board four options. The Board is in the process of setting up a meeting with the ARC.

**Remaining Deed & Easements** – The Board has now received the draft documents.

**Molly Way Test** – Flotronics worked on the equipment on Tuesday, and will continue working until completed. The test is on the back up generator to make sure that part of the system works, and is still scheduled for September 1.

**Policy Book** – There is no written record that the Policy Book was ever approved, although the Board has approved several revisions to the Policy Book. Bill suggested that the Board temporarily approve the current Policy Book.

**Motion:** Bill moved to approve the existing Policy Book on an interim basis, we ask the Policy Committee to come back to the Board at the September meeting with any problems they see with the Policy Book, and that the Board replace the Application for Water Service that is currently in the Policy Book with the one on the web; Shirley seconded.

**Discussion:** Jimmy Stoner discussed that when he took over the Policy Committee, he got all the electronic documents from Bob Busch so he could do research as to what the status of the Policy Book was. He learned of a Policy Manual in a Special ICRWUA Board meeting on February 2, 2009. Prior to that, most of the members and some of the Board members didn't realize there was a Policy Book. He could find no reference in any of that documentation (Minutes or Manager's reports) that the Policy Book was mentioned in 2005. He did find a reference to a Policy Manual in the November 2006 Board meeting Minutes. There was no mention of the Book to be reviewed as a draft, no comments received, no updates, etc. Reference was not made to the Book until November 14, 2006. The Policy Committee found a lot of problems with the Policy Book as it exists. The Policy Committee is in a position right now that they have a draft of about 80% of the Book is being circulated. The ACC regulations that were used to make this draft of the book were regulations in effect prior to 2005 when Bob Busch took the Granite Oaks book and tried to make it into an ICRWUA book. Jimmy suggested that the Board not adopt the current Policy Book, but rather, that the Board adopt the policies and procedures that the Board is working with now. Jimmy referred to statements made in the last Board meeting that Hal and Shirley were in a Board meeting when this book was approved. He didn't believe that could have happened based upon what Bob says that the

book was adopted in 2005. Shirley and Hal were not on the Board until January, 2006. Jimmy stated there were “Policy changes” that were approved over time but there was no reference a policy book was approved. Shirley thought that the Policy Book should be temporarily approved, until everything in it can be sorted out. A homeowner commented that the current Policy Book should be reviewed and revised. Bill was willing to amend his motion to one that asks the Policy Committee make recommendations about the Policy Book prior to the next meeting.

**Amended Motion:** Bill moved that the Application for Water Service that is currently in the Policy Book be replaced with the one on the web, and that the Policy Committee review the Policy Book, make recommendations on revisions, and get back with the Board before the next meeting; Jimmy seconded; motion carried.

**Elections and By-laws Revisions:** The Board has to have a list of voters provided to all eligible members, although it’s not clear that the discussion is in the section which is “Annual Meetings.” That section was later amended, describing the correct process that is used for elections. The Board’s plan is to make a list of the people who are able to vote available sometime during the election process. The Company doesn’t distinguish between renters and owners, and the Board’s take is that you have to be an owner to vote. Hal Lobaugh has all the records that are needed to determine how many renters there are. Bob indicated we may have 18 to 20 renters. Only owners with hook-ups will get ballots.

**November Board Meeting:** It was agreed that the November Board meeting be rescheduled to the first week of December, that the December meeting be cancelled, and that the December meeting be rescheduled in early January with the new Board. The intent is to have a joint meeting of the old Board and the new Board to do whatever transfer of information needs to take place.

#### 4. Old Business

a. Review Action Items – Bob reviewed the action items. All action items are complete, except the following:

1. Bob to check for unaccounted for water in TRR
2. Chris to report on cost of portable generator
3. Chris to have Fire District check hydrants in WC

Jimmy noted three additional action items from the May meeting that were not on Bob’s Action Item List. They were:

1. Contact Cole Johnson to obtain a breakout of the costs included in the “installed unit cost” for the water infrastructure.
2. Contact Cole Johnson to obtain ownership traceability to ensure proper access easements for ICR.
3. Investigate traceability for the ICR parcels for the power lines deeded to Yavapai County and verify appropriate access easements.

b. Policy Book – See above

c. Well Site Emergency Power Generator – See above

#### 5. New Business

a. Pest Control - TRR - See above. Bob suggested that the Board ratify the expenditure that was necessary to clean it up.

**Motion:** Bill moved to approve the expenditure of \$5,150 for the cost of pest control at TRR; Shirley seconded; motion carried.

**Adjourn**

**Motion:** Shirley moved to adjourn; Bill seconded; motion carried.

Adjourn at 10:35 a.m.