ICR WATER USERS ASSOCIATION
Board of Directors Meeting, ICR Pumphouse
August 27, 2013 Meeting Minutes

DRAFT

Those Present:

**Board Members**
Jimmy Stoner, President/Secretary
Tom Sullivan, Treasurer
Harvey Roberts, Vice President
Curt Anderson, Director
Dick Brubaker, Director

**Contract Staff:**
Pat Carpenter, aQuality Water
Cheryl Ibbotson, Wallace & Associates
Derek Scott, aQuality Water

**Member Guests**

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<tr>
<th>Bill Meyer</th>
<th>Chris Stoner</th>
<th>Dayne Taylor</th>
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<td>Eileen McGowan</td>
<td>Stephen Norris (Norco)</td>
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1. **Call to Order** –
The meeting of the ICRWUA was called to order at 9:00 A.M. by Jimmy Stoner.

2. **Roll Call of the Board** –
Roll call of the Board was taken. 4 Directors present. Dick Brubaker expected to attend.

3. **Approve the 8/27/13 Agenda** –
Motion: Jimmy suggested moving Steve Norris (Norco) agenda item to the end of the Operator’s report and moved to approve the Agenda as modified and distributed; Harvey seconded; motion carried.

4. **Review and Approve Minutes of the 7/23/13 Board Meeting** –
Motion: Jimmy made a recommendation for a change to page 5 of minutes insert a note regarding WC Phases 5, 6, 7 to the original contract clarifying: Note: water facilities line extension agreement dated March 2001; Harvey noted that change be made page 2 (Operator’s Report) to clarify where Derek had requested the 50 tons of AB. No change needs to be noted. Previous minutes reflect the same as stated on the tape. Jimmy moved to approve the minutes as corrected of the 7/28/13 Board meeting; Harvey seconded; motion carried.

  *Jimmy added to the record that Director Richard Brubaker had joined the meeting.*

5. **Director Replacement/Elect Officers** –
Jimmy stated that as of the last meeting Curt Anderson filled the position left by Bill Meyer, which left another vacancy that had been occupied by John Payne which expires at the end of this year; Dick Brubaker has filled that director position until the end of this year. At the end of this year there will be three board vacancies: Harvey Roberts, Tom Sullivan and Dick Brubaker, at that time there will be an election to fill those vacancies. At this time Dick Brubaker was introduced and he stated he had been in the community for three years.

  Harvey nominated Jimmy Stoner as President of the Board, Curt seconds the nomination. Jimmy accepts the nomination. The Board votes and approves:
  Jimmy Stoner as President of the board.

  Jimmy Stoner nominates Harvey Roberts as Vice president of the Board, Curt seconds the nomination. The Board votes and approves:
  Harvey Roberts as Vice President of the board.
Jimmy stated that he is willing to remain as secretary for at least two months or to the end of the year for continuity of paperwork and to facilitate a smoother transition. After discussion it was agreed by the Board that Jimmy would continue the duties of secretary while holding the position of president until the end of the year.

6. Reports
   
   A. Operator’s Report –

   **Building Maintenance Estimates** - Pat Carpenter commenced his report stating that Molly Way had been flushed two times this month and fire pumps exercised, weed abatement was ongoing, and all of the soft starts at the TRR Wells have been disconnected and re-wired. On 08/04 there was a power outage at the ICR Wells for eleven hours. Two fuses failed on APS power pole. Pat stated that an alarm emergency dialer would be helpful during such an event to call aQuality regarding the outage, and that the approximate cost would be $2,500; there currently are emergency dialers at Cooper Morgan, Molly Way and Double Adobe. Pump savers are installed on all the wells.

   **Action Item: Pat to get proposals for Emergency Alarm Dialers.**

   Pat continued that on 8/20 at 5:15 am the TRR well field has a power outage and that the low level alarm at Cooper Morgan is what alerted Derek to the problem. He determined that it was a blown transformer and he had to re-set all of the perimeters on the boost Stations. It was noted that an emergency alarm dialer is critical at TRR, especially due to the Storage Lake demand. Pat stated that they received a blue stake request from APS to locate the transmission line from TRR to Cooper Morgan.

   He said that Derek has spent about 4 hours in continued efforts to locate the service connection for the property on Deer Springs and still could not locate it, they are going to have Steve Norris provide an estimate to excavate across the road to tap into the water line and bring it to the property. Bill stated that there could be a potential problem with regard to the house to the south of that property; the wing of their driveway may have to be torn up in the process and that would be cost to ICRWUA; that is why all infrastructure needs to be checked and approved by the water company before being covered.

   Pat said that all exposed piping at the wells and boost stations piping have been primed and painted. Dayne asked if flow arrows are being put on the piping. Pat said they would obtain and install arrows. Steve Norris is to provide a bid to fix the drainage at the Molly Way Boost Station. Pat stated that they had 7 service calls for high water usage during the month, one resulted in a meter calibration, the meter was fine, it was only ½ percent out, and he told him that his irrigation system had a problem because the meter was spinning. There was only one re-read this month. All equipment functioning properly. There was an issue with air conditioner at Cooper Morgan, ordered part from Kooltronics, the malfunction did not affect operations. One part on-order.

   Jimmy had a question with regard to the pricing and purchasing of parts for the building maintenance estimates for Double Adobe, Molly Way, the concrete pads in doorways at TRR well field, AB needed for driveways and repair of the road work at TRR. Jimmy stated that he did some price comparison between Home Depot and Ace in Chino Valley. Jimmy questioned whether the labor would run through aQuality or Derek’s side business. Pat stated that the labor would be run through aQuality. Pat suggested that they could get additional bids from third parties to get the labor price per hour down. Bill stated that someone would need to oversee that work if they get a third party. It was agreed that none of the work was imperative to get done right away however they should prioritize the order of the work to be done. The Board and aQuality agreed that the order of the projects would be Molly Way, concrete pads, AB on WC Boost station access road (not on ICRWUA easement) and then Double Adobe and the Board approved material purchased from Ace Hardware. aQuality estimated that all projects would be completed before Thanksgiving. Derek has the paint code from Harvard to match the color.
Motion: Jimmy made a motion to approve the current estimate not to exceed $7,000, plus the cost of the AB delivered. Harvey seconded. Motion carries.

Harvey commented that the costs for Molly Way should be kept separate, the board was in agreement. Pat noted that those Molly Way costs should be noted for Cheryl when approving the invoices.

Emergency Operating Procedure (EOP – Fire) – Jimmy opened the discussion by stating that at the last meeting it was discussed that an Operating Committee would be organized and that committee would bring back their recommendations to the board at a future meeting.

Norroco billing for Line Repair – Jimmy stated that there was an invoice submitted for work done on a water line at Double Adobe and Bruno Canyon in TRR. Bill Meyer stated that the bill was submitted to the board at the last meeting, the board rejected the invoice because work was done on the infrastructure and the board had not requested it. Since the invoice was not approved for payment the board invited Steve Norris to come to the meeting to state his position regarding the work performed. Bill asked Steve who requested the work? Derek stated that he received a call from Steve regarding repairing a water line that had been shut off and Clint had requested the repair. Derek called Bill to get approval for the work, Bill told Derek to have Steve stop the work until Board approval was obtained. Derek told Norris to stop and it was discovered that the line was hot tapped and was an illegal connection; the trailer had been disconnected some time ago. Steve Norris introduced himself and began his synopsis of the events; he stated that Clint had nothing to do with it, 4 to 5 years ago he had received a call from Chris Williamson regarding a break in that line and we shut that line down, at that time the trailer was vacant and was not being used. Steve stated that he also does work for a local contractor, TDLC, who is using the trailer at this time. TDLC called him and stated that they did not have water service, Since Steve is concerned with public safety he thought it was prudent to get the line fixed. Steve stated that it was he who decided to go ahead and fix the 8” line (which had to done eventually) and that was his mistake to proceed without ICRWUA approval. The cost of the repairs is $1,950.51. It was further clarified that this repair is to the water company 8” main line which will provide service to Phase 6 when needed. It was further discussed that all work on the infrastructure by Steve Norris needs prior approved by the board, or aQuality water in the case of emergencies. It was determined that the construction trailer cannot be serviced at his time.

Motion: Jimmy made a Motion that they accept Steve Norris' invoice and approve it for payment, Harvey seconded. Motion carries.

Estimates for further work by Steve Norris – Stephen Norris Price List distributed.

B. Financial Report (July 2013) –
Tom addressed two corrections that were made for June; $791 omitted for Pierce purchased water costs and ARC expenses in the amount of $69 was subtracted from expenses. Tom stated that he had revised his summary and it would be posted to the website.
Tom stated that for July 2013, total ordinary income for the entire water system was $56,112. The total ordinary expenses amounted to $61,478, so we had a net ordinary loss of $5,366. Ordinary income for the TR system for July 2013 amounted to $33,828; ordinary expenses were $48,524; for a net ordinary loss of $14,696. Ordinary income for the ICR system for July 2013 amounted to $22,284; ordinary expenses were $12,954;for a net ordinary income of $9,330.

AQuality extra’s were in line with what was expected. The big expense for the month was in the outside services/other vendors category in the amounted of $18,094 for the pump purchased for Talking Rock Well #2. Electrical costs were in line for the amount of water that was pumped; the total electric costs for July 2013 were $9,855 compared with $9,965 for July of 2012.
Total current assets amounted to $350,935. Accounts receivable was $57,432. Our net current assets amount to $408,367. Our liabilities were $32,161. Current assets exceed current liabilities by $376,206. There was a cash surplus for the month of $12,253. The cash surplus for July 2012 was $14,055.

Residential water sales for July 2013 were $30,423. Commercial water sales were $4,175. Lake Sale water revenues for July 2013 were $21,144. Overall, our revenues for residential, commercial and lake fill for July 2013, compared to June 2012, were very similar.

Residential sales were up by $4,000 from June, Commercial sales were up by $1,000 from June and the lake fill sales were up by $4,600 from June sales.

Harvey asked if the pump repair was classified correctly, Jimmy stated that this repair should have come out of the reserve funds for replacement of a capital asset. Curt stated that he did not agree, stating that assets that malfunction per-maturely should be expensed while assets that are fully depreciated and need replacement should be replaced with the reserve fund accounts. Jimmy stated we have a new capital asset that needs to be depreciated starting as a new asset, and this is not a standard repair and maintenance item. This particular item was expected to last 12 to 15 years, not 4. Bill stated it is a capital asset and the reserves are set up to pay for replacement and that in his experience if the operating budget can handle the expense you can take it out as an expense, or if it does not, you take the funds from reserves. Jimmy stated that the reserve accounts should be affected in an equitable manner between ICR and TRR from general funds. ICR general funds should not contribute to replacement of TR System capital asset. Harvey said that all of the positions raised were valid and suggested that they get a recommendation from Cynthia.

**Action item:** Tom & Jimmy will meet with Cynthia regarding using Reserves vs. General Fund for TRR #2 pump replacement.

Jimmy stated that we cannot approve the financials until they get further information.

**Delinquencies** –
Tom stated that there was only one delinquency for the month; account 5017102 and a warning has been sent.

Jimmy brought up the accumulating engineering expenses for WC, phases 5, 6 and 7, and that they would need to be looked at to determine if any of they were reimbursable. He stated that a committee would need to be responsible for this.

7. **Committee Reports** -
   **A. ARC Report** –
   Eileen stated that at the end of July the balance in the Performance Account was $2,850 and the balance in the Plan Review Account was $9,701.66. One lot owner re-submitted plans for a shed, the plans were approved and the shed was installed. Lot 140 re-submitted their plans for landscaping. Eileen talked about the lawsuit regarding lot’s 156 and 157 stating that they received a letter from the opposing attorney stating that they did not agree with the committee’s decision. The committee brought the matter to their attorney and they were informed that it was his opinion they would not win in court. The committee sent a letter to Lot 157 informing them they changed their decision and requested that they clean up their yard. They did and it looks great. Eileen closed in stating that they were looking for a new Board Chairman.

   **B. Operations Committee** – Jimmy stated an executive session meeting held a few weeks ago finalizing the settlement agreement with Harvard regarding Molly Way and other issues. At that
executive session an Operation Committee was established and it was decided that Harvey would be the Chairperson, Curt would be a participant and aQuality and Bill Meyer as a consultant would interface. This committee will be responsible for all operational issue for both well sites and report to the board.

**Well Field Issues (ICR Well #1)** – Harvey stated that the first matter of discussion was the status of the ICR Well Field video investigation that was discussed at the last meeting. Bill stated that he contacted Pump Tech regarding their schedule and the pump could be pulled and the video could be taken to determine the condition of the casing in the second or third week in September, the Board needs to approve this action and then he will schedule with Pump Tech a firm date. Pat asked what the estimate of $2,350 covered? He said if it was determined that the casing was sufficient, how soon could aQuality get board approval to surge, scrub and put the pump back in? He further stated that keeping the well out of the ground is very risky. Bill Meyer concurred, stating that once a determination was made in how they were going to proceed and the costs associated. Billy at Pump Tech had committed that if a second well was down they could get that pump back in a day. Bill said that the ICR Well is only running 3 to 6 hours a day and they would make sure that the tanks were full before this work commenced. Jimmy stated that they would also have to schedule Board availability to make any decisions necessary in real time. Harvey said that at the last meeting Bill stated that if the casing needed to be replaced would they need to drill a new well. Bill responded that they would just live with the water decline; the video would give them an indication of how deep the well is, how far the water has receded, the further the water draw down that faster the pump could burn out. Bill stated that the condition of this well would not affect the condition of the functioning well.

**Motion:** Jimmy made a Motion that they approve the cost of $2,350 to remove and analyze the condition of ICR Well #1. Harvey seconded. Motion carries.

**Action item:** Bill will contact Pump Tech to schedule ICR Well #1 Video inspection for the third week in September and cc date secured with Harvey, Derek and Pat.

Harvey stated that the second matter for discussion was the work performed by Pump Tech with regard to removing the soft starts from Pumps 1 and 2. The original bid was approximately $1,000, however the actual bill came in at $3,318. Bill stated that the original estimate was only for removing the soft starts, not re-wiring and the subsequent fuse problem. Jimmy stated that with the original estimate there was a communication breakdown with regard to the scope of work and that the labor was not specified as a dollar amount. Bill stated that they ran into problems when they put everything back down into the well, they had a hot wire that added to the original estimate. An electrician was involved to figure out what was going on, it was determined that the hot wire came from the soft starts, they questioned why they had the soft starts, decided to take the soft starts out, and then the fuses were too big. It was a step by step determination that was not anticipated by anyone.

**Motion:** Jimmy made a Motion that they approve the invoice from Pump Tech in the amount of $3,318.49 for work associated with the correction of deficiencies and fusing for the three TRR well pumps. Harvey seconded. Motion carries.

Jimmy asked Harvey to let Cheryl know that the invoice was approved and it would be classified as repairs and maintenance. It was discussed that the old fuses were left, but Derek was advised not to replace a single fuse with an old fuse, all would have to be replaced.

**Discussion** commenced regarding proposals from Norrco regarding Deer Springs and Molly Way. Steve Norris stated that Derek had requested that he look over the drainage at Molly Way. He stated that he spoke to the Engineers and it was determined that they could not go deeper they would have to go wider. Steve estimated that it would probably take 2 days with the Hoe and maybe one or two trees would have to be removed at an approximate cost of $2,100. Steve also suggested the need for
installation of gutters, and none of this work was imminent. Jimmy questioned the exact location of the work, inside or outside the fencing for the building. All the work would be outside the fence of the building. Who would is responsible for work on that property and who is paying for this maintenance work? Check As-builts for property lines.

Steve commenced discussion regarding Deer Springs recommending cutting a hole into the pavement and going down to the main to see if service is there, then hot tap it and bring to the copper wire on the other side. The plans show two different locations. There was discussion among everyone with regarding to the costs associated with exploratory services as opposed to going to the trench already dug for utilities and hot tapping there. The estimated cost would be in the range of $2,000 to $4,400 for exploratory services and connection. The cost of trenching and hot tapping would be $3,300. It was determined that Steve and Derek would come up with most cost effective plan going forward.

Motion: Jimmy made a Motion that they proceed with the bid from Norrco with respect to bringing water service to Deer Springs, and Derek and Steve would determine the best way to do it. Curt seconded. Motion carries

Water Use Reports (July 2013) - Bill stated that for the July report on the ICR System we pumped 3,842,600 gallons, we sold 3,792,120 gallons, the difference in the tank volumes was 27,102 gallons and that added to the delivery gave us 3,815,498 gallons of total water delivered. The net difference of total pumped less total sold was 23,378 gallons for a net loss of less than 1%. For the Talking Rocks system we pumped 16,768,000 gallons, we delivered 1,614,690 gallons to customers, we delivered to the golf course 15,103,000 for a total delivery of 16,717,690 gallons. The difference in tank volumes was 59,865 gallons, which resulted in a net difference of delivered vs. pumped of negative 9,555 gallons which resulted in -.06%. This is the best accuracy we have ever had to date. The ICR residential use was 3,637,430 for a total of 291 residences, which results in average gallons per day of 417 per residence. The TRR residential use was 1,292,590 for a total of 173 residences, which results in 249 average gallons per day per residence. If you take out 9 zero users on the ICR side the average use per residence per day goes from 417 gallons to 430. For the TRR side if you take out 14 zero use residences, the average gallons per day per residence goes from 249 to 271 gallons. The commercial use for July on the ICR side was 1,220 gallons and for TRR is was 104,125 gallons. The landscape use for the common areas was 107,520 gallons for ICR and 151,095 for TRR. The construction account usage for the month was on the high side, there were 45,950 gallons for the ICR side and 66,880 gallons for the TRR side. Jimmy suggested that the report be re-formatted going forward in terms of readability.

Bill stated that he was working on that. Bill in terms of the wells at TRR, well number 1 was on call and number 2 was the back-up and he and Derek were going to switch it, making number 2 the lead and number 3 the back-up. He said that well #1 was pumping at 330 gallons per minute, running about 20 hours per day and the water levels were quite good. Well #2 is running about 6.25 hours per day at 285-295 gallons per minute and that is right where it should be. ICR well #1 is not being used, ICR well #2 is pumping 375 gallon per minute and running 3-4 hours per day and the water levels are very nice.

Bill stated that he prepared a report entitled “2008-2013 ICR Pumpage per well field” and had sent that out to the board. The report summarized each year beginning in 2008 through 2013 for a 7 month period of January – July analyzing number of customers in July for each of the years, resulting in an overall increase in residences taking place in the last year of 33. He noted however that even with the increase in residences and taking into account the zero use residences the pumpage has remained relatively the same.

Jimmy noted that he had received an e-mail from a real estate agent representing a buyer in ICR that was looking for the 2012-2013 Well Field Report to satisfy the lender. Bill is working on that report and it is expected to be completed in October. Bill stated that the well field report publishes the viability of the wells, based on levels, trends and pumping history which confirms that the well fields are fine. Bill
suggested that they could refer her to the minutes which confirms that everything in the well fields were satisfactory. Bill reported the health of the wells today. Curt stated he will send her e-mail to that affect.

C. Molly Way Status Committee

Settlement Agreement Status – Jimmy stated that the Settlement Agreement was executed 07/30/13; additionally a Memorandum of Agreement was executed 07/30/13. All pertinent documents had been signed, notarized and Federal Expressed and upon receipt a check would be issued. Jimmy asked Tom if he had met with Cheryl regarding the allocation of funds, once the check was received. Tom stated that he had briefly and he wanted to also include Cynthia in that discussion. Jimmy stated that they had already received payment for work done on Well #1, the relocation of the Lake Meter that task was previously done, however the forthcoming funds would have to be reallocated, and the balance of the funds would be considered in the long list of corrections and maintenance needed at Molly Way. Jimmy stated he wanted to insure there was property traceability and easy tracking of these funds.

Action item: Tom will report back describing the allocation and traceability of Molly Way Settlement Agreement expenditures (to include Well #1 and New Lake Meter).

Bill stated that the total cost of the replacement of Well #1 should come out of the funds, and only ½ the cost of the Lake meter could be allocated out of the funds. Bill stated that Kim was going to record the Memorandum of Agreement with the County, and that the Board should follow-up to ensure that that is done.

Action item: Jimmy follow-up on the recording of the Memorandum of Agreement

It was discussed whether the entire Settlement Agreement needs to be recorded with the County or just the first 19 pages. Jimmy suggested that the first 19 pages should be posted to the web-site for access by the association members, and any additional information could be requested. It was decided that they would address this matter in a future meeting

Action item: Next meeting Agenda - Settlement Agreement Posting and whether to record with the County.

Disband Committee – It was decided that the Molly Way Status Committee is disbanded.

8. Old Business

A. Review Action Items –

The Action Items were reviewed. One completed item will be dropped from the list. Four are now complete and will show a Done status next month. Four have changed status to Pending.

B. Whispering Canyon Phases 5, 6 & 7 –

Jimmy stated that they have heard nothing and there was nothing to report. Bill stated that Tim should be e-mailed regarding changes to the board and who to respond to going forward. Jimmy stated that he will draft a letter. Tom suggested that ICRWUA secure some legal representation.

Action item: Jimmy will investigate which attorney drafted the Line Extension Agreement and try and set up an appointment.

Action Item: Jimmy draft a letter to Tim Emberlin regarding new board contact regarding this issue.
C. BMP 2.3 CD Approval -  
Harvey stated that he had prepared the landscape packets for new meter installation customers and CD’s for customer transfers. He asked if this information should be made accessible on the website. He said there is one large file that is the printed material and separate files that are on the CD. It was decided that the printed file should be a link on the website.

*Action item:* Harvey will send the Homeowner’s Landscape Packet Printed document to Curt for posting to the website.

9. New Business  
A. Consultant Agreement –  
Jimmy stated that Bill sent out a statement of work with pricing to everyone. Jimmy asked for clarification on item #2, for the 2012 Annual Well Field Report, that it was a cost of $500 per annual report, which ICR and TR, not $500 per well field well field report. Tom brought up insurance coverage for Bill, or other subcontractors. Insurance coverage of Bill was discussed with regard to being a subcontractor of Wallace & Associates. We’ll discuss with Cynthia.

*Action item:* Tom will contact Weber insurance to see if Bill could be covered under the ICR Insurance.


The board decided that Bill’s services and contract was effective August 1, 2013. The actual contract will be executed when it is in final form. As part of this contract, Bill will attend Operations Committee meetings and Board meetings, as required.

B. Website –  
Curt stated that once the missing water use reports were received the website would be up to date.

C. Pending Actions – none

10. Public Comments - none

Motion: Curt moved to adjourn the meeting; Tom seconded; motion carried.  
Adjourn – 1:26 PM