

**AVRA WATER CO-OP, INC.
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
Wednesday, June 18, 2014
7:00 p.m.
Avra Water Co-op, Inc.
11821 West Picture Rocks Road
Tucson, Arizona 85743**

1. CALL TO ORDER

President Warren Thompson called the meeting to order at 7:00 p.m.

2. ROLL CALL

Board Members present at the meeting included:

Warren Thompson, President

Doug Schneider, Vice President

Colleen McDonald, Secretary

Camille Julin, Director

Staff members present:

Chris Ward, General Manager

Cathy Kuefler, Administrative Assistant

3. CALL TO MEMBERSHIP AND WELCOME TO GUESTS

There were no guests this evening.

4. REVISION AND ADOPTION OF THE AGENDA

MOTION: It was moved by Camille Julin that the meeting agenda be approved as written with the addition of FY 2014-15 Budget Draft to New Business.

SECONDED

APPROVED

5. READING, CORRECTION AND APPROVAL OF PREVIOUS BOARD MINUTES

MOTION: It was moved by Camille Julin that the Board Minutes be approved as written for April 16, 2014.

SECONDED

APPROVED

6. OFFICERS REPORT'S

PRESIDENT'S REPORT

The President had nothing to report.

TREASURER'S REPORT

As the Treasurer and Bookkeeper were both absent from this meeting, Chris Ward reported that there was one "No" on the financials for May because there were three payroll periods that month. That will adjust itself next month.

MOTION: It was moved by Doug Schneider to approve the Treasurer's report.

SECONDED

APPROVED

7. GENERAL MANAGER'S REPORT

- Chris shared the comments from our two consultants who have been helping us with getting our CAP Allocation to use. When ADWR responded last month, they really did not give us an answer. Both of our consultants agree that our best option at this point is to get the Water Bud Legislation repealed. There have been three or four variances written for the Water Bud Legislation and that shows that it really is not working. The legislation states that we currently cannot accrue credits for our CAP recharge if we have no Assured Water Supply. Our other option is to continue to move forward with the CAP and send David Modeer another letter asking for his help. Maybe he will have some suggestions and be more helpful than his staff. We can also include the CAP board members for Pima County. At this point it was decided to move forward with the David Modeer letter and ask what the policy decision is on this. Staff of CAP has already said "no", but maybe we will get some kind of assistance from him. Doug suggested we have a special study session possibly in the future where we can have a more focused discussion, but for now have Chris put together a letter to David Modeer and discuss it at the next meeting. Chris also suggested when we put the letter together, we could have our attorney, Carlos Ronstadt, come discuss this with the board. Warren suggested we move forward with the letter and then have Carlos come talk to us.
- The ACC has changed an administrative code and we are now a Class C Utility instead of a Class B. This means that our time frame for a rate case will go from 360 to 270 days.
- We received a letter from our accountant, Peggy Ullman, discussing an audit she recently represented for another co-op that was a 501(c)12. The IRS were specifically looking at returning Capitol Credits which we address in our By-laws, the 85/15 Rule where 85% of income must come from members and 15% from non-members, gift cards to employees and board members, and Internal Controls. We have not had issues in the past and our accountant did not see any problems; she just wanted us to be aware of the audit.
- Staff spoke with Trico as a follow up to the solar power discussion and per Trico's tariff from the ACC, they cannot allow virtual metering. Doug received an email from SolarH2OandElectric.com and thought we should look into it. Staff will contact them.

MOTION: It was moved by Colleen McDonald to approve the General Manager's report.

SECONDED

APPROVED

8. UNFINISHED BUSINESS

The CAP allotment was discussed in the General Manager's report.

Solar Power – Discussed in GM's Report.

9. NEW BUSINESS

Camille Julin asked if there was a need to have a board meeting every month in the summer as so many board members are absent. Warren explained that July, August, and September are somewhat critical due to the new budget, Chris' review and preparations for the annual meeting, however we do have the ability to have members call in.

Colleen McDonald brought up the 1 acre lot that is for sale off of Picture Rocks Road. Chris explained that right now it is up for sale by owner and on the market for \$42,000. It does not have commercial zoning and there is a site built home beside and across from it. The appraisal will be forwarded to the board members tomorrow.

Warren asked for a volunteer to do Chris' review with him. Camille said she would like to do that and Colleen would participate as well. They will schedule a time to meet before the next board meeting.

MOTION: A motion was made by Camille Julin to adjourn the meeting.
SECONDED
APPROVED

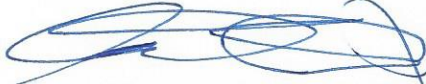
The Board adjourned at 8:45 p.m.

Respectfully submitted by,

Cathy Kuefler
Administrative Assistant

These minutes are a summary made from the Avra Water Co-op Board Meeting, tapes and notes by Cathy Kuefler. The tapes of the meeting details are available to the board members for examination of complete meeting detail.

Approved by the Co-op Board on July 16, 2014:



Colleen McDonald, Secretary