

GRANITE OAKS WATER USERS ASSOCIATION

Annual Shareholders' Meeting

September 13, 2025

Prescott Public Library

125 E Goodwin St., Prescott,

Call to Order: President Ken Nelson called the meeting to order at 915 a.m. Welcomed everyone and thanked all for attending.

Note: .From GOWUA Bylaws:

Quorum: The members holding 50 percent plus one of the Class B votes of the Association shall constitute a quorum at meetings of the membership of the Association. If a quorum is not present at any meeting of members, those in attendance may conduct an informational meeting, but no business upon which a vote is to be taken, shall be conducted.

There were approximately 70 shareholders and guests in attendance. Since this did not constitute a quorum, an informational meeting ensued.

President Ken Nelson introduced members of the board in attendance, himself and contract staff:

Officers

President, Ken Nelson

Vice President – Jay Dee Sale

Matt Olson - Treasurer

Daryl Mathern, Secretary

Directors:

Robert Finke

Diane Harlan – Absent

Contract staff:

Allen Kaplan, Auditor

Derek Scott, A Quality Water Co., Operator

Bob Busch, Manager

Cheryl Ibbotson- Arizona Utility Billing

Ken Nelson asked Bob Busch if he had any comments.

Bob Busch reported that during the past year, the Board had cancelled a project to drill a second well on the Glenshandra Property. It was determined that the well would be too close to other wells and could only be used as a backup well. About \$23,000 in costs were written off. He also reported that an inventory of all transmission and service lines was completed in compliance with a Federal requirement to determine where lead materials are present in the system. It was determined that there is no lead materials in the GOWUA system. He also reported that the practice of reading meters twice a month was continuing, to aid in water conservation. He stated that when a meter has been running for 48 hours at the time a meter is read, it registers an alert. The Business office then calls customers receiving alerts to notify them of a leak.

Ken Nelson introduced Allen Kaplan to present a financial report.

Financial Report *Allen Kaplan, Auditor*

Allen Kaplan reviewed Company financial reports for the period ending in June, 2025.

He reported on the income and expenses for year to date vs the budget and compared to last year at this time. He reported that water sales are slightly higher than a year ago, and net income is about 3k more. He itemized details of cash on hand, cash flow year to date and the company

balance sheet. Over \$160,000 is invested in CD's & Treasury Notes of varying maturities. He summarized the capital expenditures made during past years.

Ken Nelson then introduced Matt Olson.

Matt reported that the Company had 3 CD's of slightly over \$50,000 each , that are earning from 2.5 to slightly over 4%.interest. The CD's have staggered maturity dates a few months apart. The Company has about \$170,000 cash on hand.

Power Point Presentation *Matt Olson, Treasurer*

Matt Olson conducted a presentation of the Granite Oaks Water Users Association water system. He displayed and discussed the service area, fire hydrant system, each of the well sites, wells and equipment.

Discussion:

President, Ken Nelson stated that the new water tank was completed in late 2024 and increased storage capacity by 100,000 gallons. He commented on the Company's attempt to find a location for a new well. There were some questions about how a new well would be funded. Ken Nelson and former President Gerry Garcia commented that a new well would be costly and that any loan needed would require approval of the Arizona Corporation Commission. They both commented that the Board's purpose is to ensure that GOWUA's interests are served for the benefit of all shareowners.

Ken read a letter sent to all property owners of Royal Oaks Unit 3 explaining that the Company had been approached by a tower company interested in placing a cell tower on a portion of the Glenshandra property, and explaining that an amendment to the CCRs of Royal Oak Oaks Unit 3 would be needed to allow it and asking if they would support such an amendment. Since a majority responded "yes". A proposed amendment and consent form was sent to them asking for return of a signed consent form. If a majority consent, the amendment will be recorded.

There followed a number of questions and comments concerning the proposed amendment, including , including frustration from some property owners outside Royal Oaks Unit 3 not being consulted. There were comments about radiation from cell towers, decreased property values due to cell tower in the vicinity, and the undesirable appearance of a cell tower. The discussion continued for 15-20 minutes and was terminated by Library Personal since the room reservation period had expired.

Ken Nelson closed the meeting at approximately 10:30 am.

.