

RIM TRAIL DOMESTIC WATER
IMPROVEMENT DISTRICT
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(928) 472-7585

Minutes of Special Meeting of the Board of Directors on 4-27-13

The Board of Directors of the Rim Trail Domestic Water Improvement District met in special session on Saturday, April 27, 2013 at 1 PM. The meeting was held at Station 71 of the Whispering Pines Fire Department located at 10603 N. Houston Mesa Rd. in the community of Whispering Pines, north of Payson, Arizona.

The call to order was made by Chairman Dick Johns at 1 PM. The Board members present were Chairman Dick Johns and Board Members Ray Tanner and Don Nelder. A quorum was confirmed.

Also present was RTDWID district manager, Harry Jones, via teleconference as well community members Dan Melcher and Mike Forakis.

Reading of the minutes from the previous meeting was waived, and after a discussion of possible revisions, the minutes were amended as follows; on the second line of the second paragraph on page 2 the wording was corrected from "Therefore, in compliance with section 5.0" to "Therefore, in compliance with section 3.3" of the bylaws of RTDWID pertaining to the election of officers---. An additional correction was made on page 3, in the third paragraph, on the third line by adding the words "There has been discussion that" to the original sentence written that now reads "There has been discussion that this basic cost should be shared by all property owners".

Ray Tanner moved, seconded by Dick Johns, that the minutes be approved as amended. The motion passed by a unanimous vote.

Treasurer's Report:

Ray Tanner presented the 2013-2014 proposed budget as prepared by district manager Harry Jones and treasurer Ray Tanner. Each line item was examined and discussed by all board members and district members that were present. Suggested changes were made and recorded for presentation at the following RTDWID board meeting. No date was set for the following meeting.

On the subject of Harry Jones instructing Steve Stevens to add the word "draft" to the minutes of the board meeting held on 3-23-13 without prior approval from secretary, Don Nelder, the board, by unanimous consent, instructed that the secretary, and only the secretary, shall record the minutes with requested review of all board members and then shall instruct Steve Stevens to post said minutes on the website.

Dick Johns reported that he had met with attorney, Steve Wene regarding increasing the number of board members from 3 to 5 members. Dick said that the process includes creating a petition to send to all property owners in RTDWID. The petition will ask all members to respond by either agreeing to increase the board to 5 members or to leave it at the current 3 members. There will need to be more than a 50% majority of the property owners or signatures by the owners of more than 50% of the acreage in RTDWID to approve the increase in the number of members on the board. If possible, the petition will be sent to water users in their monthly bill to save costs. Included with the petition will be a cover letter, written by secretary, Don Nelder, explaining why the board desires to increase its membership to 5 members.

Ray Tanner moved, seconded by Dick Johns, that Dick Johns proceed with whatever actions are necessary to increase the board from 3 to 5 board members. The motion passed unanimously.

Dick Johns also reported on the topic of raising revenue for the water district by assessing all RTDWID property owners an "availability" charge. Dick indicated that in his meeting with attorney Steve Wene he learned that our water district cannot use that method to increase revenues. However, it may be possible to levy a property tax with a cap so that all parcel owners would pay the same amount, and the higher valued homes do not pay a disproportionate share of the property tax. This would be similar to, but will not be, an availability fee covering the cost of maintaining the system and capacity to serve all property owners. A property tax advantage is that it will be deductible on each owner's income taxes. In addition, it could reduce the monthly rate that water users currently pay. Dick Johns agreed to work with attorney Steve Wene and proceed with the Gila County Treasurer and Assessor's office on this action. The board approved that action by unanimous consent.

By unanimous consent the board agreed with Dick Johns amending the bylaws so that they may be used as a check list for procedures and actions that are appropriate and proper for our district board to conduct the business of RTDWID including matters covered by the Open Meeting Law and Public Records Law.

There was then a discussion on the follow up actions to be done by the board members as listed;

Ray Tanner will:

- 1) Go to the bank and review the bank charges that the district now pays.
- 2) Combine the Consulting/It and costs for our website into one item on our financial reports.
- 3) Get a list of all property owners from the Gila County Assessor's office.

Dick Johns will:

- 1) Review the RTDWID system operator agreement and report back to the board.
- 2) Review, with HDJ, the current management agreement and develop a detailed job description with Harry. Dick will report his results to the board at the next meeting.

- 3) Contact Karen at Crabdree Insurance agency to determine if our insurance coverage for board members, now listed as "D&O" insurance, is the correct coverage for our role as board members for the district.

Don Nelder will:

- 1) write the cover letter to be included with the petition for increasing the board to 5 members.

There was additional discussion on two budget items;

- 1) Reading the water meters quarterly as opposed to monthly in order to reduce costs. Dick Johns made the motion to change the meter reading activity from monthly to quarterly. Ray Tanner agreed to second that motion. In the discussion that followed it was decided to withdraw the motion; therefore, Ray tanner withdrew his second of the motion and Dick Johns withdrew the motion subject to further study of the matter. Dick will meet with A Quality Water Company, who operates RTDWID facilities for us, to determine if there will be a cost savings to the district by less frequent readings of the meters.
- 2) A general discussion regarding a budget line item for the maintenance and inspection of the water storage tanks for RTDWID. Harry Jones reported that the tanks need to be inspected and any necessary repairs done every 15 years. He added that storage tanks last about 30 to 35 years on the average and cost about \$1.50 per gallon to replace them. RTDWID has three storage tanks; one with 40,000 gallons and one with 35,000 gallons capacity, both of these are located on the hill above the RTDWID pump station. The third is a 10,000 gallon capacity tank located at the end of the road on White Tail Knob Hill.

The chairman made a "Call to the Public" to see if any members of the District or the public present at the meeting desired to discuss anything. None did.

A motion to adjourn was made by Don Nelder and seconded by Dick Johns. The motion passed unanimously. Adjournment occurred at 6 PM.