

RIM TRAIL DOMESTIC WATER IMPROVEMENT DISTRICT

240 E. Box Elder Lane
Payson, AZ 85541
(928) 472-7585

Minutes of Regular Meeting of the Board of Directors on 5-30-11

The Board of Directors of the Rim Trail Domestic Water Improvement District met in regular session on Monday May 30, 2011 at 9:05 a.m. The meeting was held at the home of Harry Jones in Rim Trail.

- I. *Call to Order:* The meeting was called to order at 9:05 a.m. The telephonic connection available to the public had been activated at 8:50 a.m. It was checked to see if anyone had called in to join the meeting telephonically, and no one was on the line. Also, Mr. Jones had monitored the 928-595-1111 call-in number to see if anyone had notified the Board they wanted to be connected to the conference line after the executive session was completed. There were no such calls or messages. No member of the public attended the meeting in person.
- II. *Roll Call and Determination of a Quorum of Members Present:* Harry Jones, Chairman; Ray Tanner, Clerk-Secretary; and Don Nelder, Treasurer, being all the Board members of the District were in attendance. Harry D. Jones of HDJ Management, LLC attended as the contracted District Manager. A quorum was in attendance.
- III. *Motion to go into Executive session:* Nelder made a motion to recess into executive session. It was seconded by Tanner. The motion passed unanimously. The Board acknowledged they were going into executive session pursuant to (a) A. R. S. § 38-431.03(A) (1) for discussion of personnel matters, (b) A. R. S. § 38-431.03(A) (3) for discussion of legal issues, and (c) A.R.S. § 38-431.03(A) (7) on matters relating to the purchase, sale or lease of real property, as set forth in the agenda items. At this point the open telephone line for the public to call in was checked and again no one was there, so it was announced that the line was being disconnected to be able to open the executive session.
- IV. *A motion to open executive session* was made by Tanner and seconded by Nelder and approved unanimously. The executive session was held until 9:55 a.m.
- V. *A motion to return to regular session* occurred at 9:55 a.m. It was made by Nelder, seconded by Tanner, and it passed unanimously.
- VI. *Approval of minutes of prior meetings:* The minutes of the meeting on March 23, 2011 were discussed in terms of prior corrections made. Tanner move to accept them as presented. Seconded by Nelder. Motion passed 3-0.

VII. *Reports:*

A. *Chairman's report:* None given.

B. *Treasurer's report:* The financial statements for FYE 12-31-09 and 12-31-10, as prepared by Meg Turlukis, CPA, along with a staff prepared 5-21-11 financial statement and analysis (as included in the Board materials) were discussed and evaluated by the Board. Tanner asked why the capitalized software was several hundred dollars above the amount approved at the prior meeting. Jones agreed to provide any answer once he reviewed the expenses actually incurred. Tanner made the motion to accept the financial reports as presented and Jones seconded, and the motion passed 3-0.

Cash positions were reported as follows:

	12-31-09	12-31-10	5-21-11
Chase General Checking	\$2,423.05	2,193.01	1,912.74
Chase Savings #4590	13,859.48	12.39	12.39
COMM Ckg-PF 4599 Inactive	89.85		
Chase WIFA Chk #1278	3,638.55	2,651.16	51.16
Chase Savings #4599		50.98	50.98
Total	\$20,010.93	\$4,907.54	2,027.27

C. *Clerk/Secretary's report:* No report was given.

D. *District Manager's report:* The District Manager reported that he had made a report to District residents at the prior day's community meeting that both Nelder and Tanner had attended along with many residents. No water discussions or decisions between Board members occurred at this social event. All board members agreed a repeat of that information was not necessary so no discussion was held.

VIII. *Call to the Public for items on the current agenda:* Since no one had called to the posted conference numbers, and no one of the public attended the meeting in person, there were no comments from the public.

IX. *Discuss and take possible action related to authorization of a District official to pursue potential loans and grants from various government agencies, individuals, or other financial resource firms to strengthen the District's cash and credit position:* After review of the Treasurer's report, a discussion occurred related to accessing additional financial resources for the District. Jones reported that when the WIFA project was completed last fall, he had made contact with WIFA management and was encouraged about possible grants or loans related to other projects the District had already completed that were not covered under the original WIFA-ARRA stimulus program. The District Manager reported additional discussions with Compass Bank had occurred and he was awaiting expressions of interest from both WIFA and Compass Bank. No action taken.

X. *Discuss and take possible action related to organization, responsibilities, and possible replacement or engagement of staff or consulting personnel performing the following functions:*

1. *Legal services for general District matters:* A brief discussion of the parties that could provide legal services occurred. A motion was made to approve the use of David Brown for all legal matters, but to only

engage his services after additional approval of the Board members to incur the costs of legal services.

2. *Legal services for water rights issues:* Same as #8 above.

3. *District engineering services:* Board members had reviewed the proposals of two engineering firms (Peak Engineering and Doug Kobrick) that had responded in writing, and they were told of two others familiar to Jones (Bill Haney and Corollo Engineering). Jones commented that Haney did not have professional liability coverage other than through his engagement by Corollo Engineering, but he wanted to provide service independently and personally. The Board members acknowledged registered professional coverage needs, by statute, to be provided. A motion was made to approve the use of Doug Kobrick as the District Engineer, but to only engage his services after additional approval of the Board members to incur costs of his efforts.

4. *District management services:* A general discussion by Nelder and Tanner occurred on this matter, with a desire on their part to wait until the budget discussion occurred prior to making any decision on how to obtain the services needed and having the revenue available to pay the costs that will be incurred. Thus, they both agreed to table the matter until the discussion of the budget occurred, thereby allowing more time to evaluate additional information. Jones abstained from the discussion and vote, other than to answer questions related to current time commitments with other Districts.

5. *Other required staff or outside service providers:* Jones discussed putting Nancy Jones under HDJ to perform the administrative functions and at the compensation level as described in the prior meeting. The board discussed that was not an issue. Jones commented Pat Watson and Steve Stevens had basically completed the conversion process and the first round of billing at the end of April went reasonably well, although the cost of conversion was about \$1900 compared to a budgeted amount of \$1,000, with higher costs due to more data base issues than was expected. No action taken.

XI. *Discuss and take possible action related to the purchase, sale, lease, or granting of easements of real property:*

1. *Potential easements across District property or sub-easements within District utility easements:* The discussion of APS's desire to add a pole on District property to be able to better service the water treatment plant and the four nearby homes occurred. Harry indicated that administratively he had already signed the easement as presented in the Board study book. No action required.

2. *Possible negotiating strategies, terms, conditions, responsibilities, disruption of service, cost of replacement infrastructure, and engineering assistance related to possible burying of a proposed Payson pipeline across District property:* Harry described the actions of Box Elder residents in terms of their reaching agreement with the Town of Payson that the Town will avoid the pipeline going down the Box Elder route. The District Manager indicated that the negotiations with Payson will occur mainly in the future, and he would utilize the strategy that if Payson disturbs district's properties or the District incurs costs such as engineering to evaluate or control some aspect of the pipeline construction or replacement of District assets, the policy will be that Payson pays for all costs incurred. No Board action taken.

XII. *Discuss and take possible action related to legal matters concerning:*

1. The District's rights to surface water.
2. The District's rights to groundwater.
3. The District's right, or lack thereof, to irrigation water flowing through a ditch within the District.
4. Water rights issues related to the District's possible use of water resources from the C. C. Cragin Reservoir, and to possible acquisition of water rights from Salt River Project.
5. Possible acquisition of rights to take delivery of Cragin water via a yet to be installed Payson pipeline.

Items XII 1-5 were all tabled pending a meeting the District Manager was planning to have with SRP and Mike Johns who would attend such a meeting as an interested home owner, and not as an attorney representing other residents of the District and not as an attorney representing the District Board.

- XIII. *Discuss and take possible action related District's policies related to:*
1. Shutting off customer meters for non-payment of bills for water or services.
 2. Shutting off meters at customer's request
 3. Limiting maximum monthly charges in cases of leaks, accidental water use,
 4. Timing of payment of new hookup fees.
 5. Billing of customers that dispute monthly charges:

Concerning topics XIII 1-5, and due to the late hour and lack of specific issues at the moment, Jones made a motion to table the items until the next meeting. Tanner seconded and all voted aye.

XIV: *Discuss and take possible action related to a District Budget for the period of 7-1-11 to 6-30-12:*
A discussion ensued related to budget timetables, options for revenue sources, etc. Nelder and Tanner both felt uncomfortable moving forward on discussion of budget details and the District Manager's consulting agreement due to lack of their time to thoroughly study all aspects of the budget projections provided in the Board meeting book. Therefore, with Jones abstaining, they requested a delay before thoroughly considering a discussion of the budget.

XIV. *Call to the Public for non-agenda items:* Since no members of the public attended the meeting in person and by telephone, no public comments were heard.

XV. *Call to Staff and Board Members for non-agenda updates and recommended topics for future meetings:* No additional agenda items were suggested by the Board members in addition to the current agenda items that were tabled until the next meeting. Tanner moved to set another Board meeting for Sunday June 5, 2011 at 2:00 P.M. at the Jones residence in Rim Trail. It was seconded by Nelder and passed unanimously by the Board.

XVI. *Motion to adjourn:* Motion by Nelder and seconded by Jones. Motion passed unanimously.