

Rim Trail Domestic Water
Improvement District

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

Board Members

Chairperson: Dave McKibben
Secretary: Gary Richardson
Treasurer: Ray Tanner, Jr

Management

Manager: Harry Jones, HDJ Management, LLC
Operator: a Quality Water Co.

DRAFT UNTIL APPROVED AT THE NEXT BOARD MEETING

Minutes of the Rim Trail Domestic Water Improvement District Board Meeting held at Whispering Pines Fire Station on Saturday, June 28, 2014 at 1:00 pm as well as telephonic conference at (712) 432-5610, access code 1714.

1. Call to order: The meeting was called to order at 1:00pm by Chairman Dave McKibben.
2. Roll Call and Determination of a Quorum of Board Members Present: A quorum was present with Chairman McKibben and Treasurer Ray Tanner in attendance. Also present in person was Harry Jones, District Manager, as was one property owner, Mr. John Tanner. No one attended via teleconference line. It seemed the line was not working properly. Attempts to make the line work were not successful.
3. Approval of minutes of prior meeting: The minutes of the prior Board meeting of June 14, 2014 were presented and approved.

Secretary Gary Richardson arrived at 1:15pm.

4(1) Treasurer's Report: The financial report was presented by Treasurer Ray Tanner. We have approximately \$70,000 in the bank.

4(2) Clerk/Secretary's report: None.

4(3) Chairman's Report: None.

4(4) District Chairman's Report: No Report

5. Adjourn to Budget/Rate Hearing

1) Treasurer Ray Tanner presented the proposed 2014-2015 budget, rates, and fees.

2) Public comment: There was no public comment. There was one email received from Larry Culver asking why rates are always going up. It was mentioned that there is no proposal to raise rates or fees in this budget. Treasurer Ray Tanner suggested we change the Professional Services-CPA line from \$3600 to \$1500. This was agreed to by all Board Members.

Chairman McKibben moved, and Treasurer Ray Tanner seconded, to close the Budget and Rate Hearing. The motion passed unanimously.

Reconvene regular meeting.

a. The 2014-2015 Proposed Budget, Rates, and Fees.

Treasurer Ray Tanner moved the adoption of the proposed budget with the following language: I move that the budget be adopted as presented subject to further review and approval by the Board for the proposed increase in District Managers retainer, District Managers excess hours, and increase in Operators monthly retainer. In addition, further review and approval by the Board for Legal Fees – Admin, Professional Services-CPA and Travel and Meals and all items listed under FY 2014-15 Capital Improvements & Projects.

Additionally, individual line items are not to be exceeded on an annual basis without additional Board approval. Chairman McKibben seconded the motion, and it passed unanimously.

b. Revisions to the management contract with HDJ Management, LLC (Harry Jones)

Discussion ensued about Harry Jones' proposed new management contract with the District, with a higher retainer amount from \$800 per month plus \$200 per month office facilities to \$1250 per month including \$200 per month office facilities and a \$50 hourly fee to cover the hours in excess of those covered by the monthly retainer. Board Members questioned Mr. Jones about the higher costs. Board members also mentioned this is an open-ended contract with no maximum amount to align to the budget. A Board member commented that much of his extra hours were due to lengthy and often unnecessary email responses to questions and comments from Board Members. Any hours above the base hours (25) in the agreement require Board approval, per the budget. Mr. Jones disagreed that the contract is open-ended, since any hours beyond the budgeted dollar amounts do require Board approval. Mr. McKibben indicated that, as written, once the District Manager reached either 25 or 31 hours, additional monies would be due; this, in effect, amounted to an "open-ended" contract, i.e. should the base hours be reached on, hypothetically, the 15th of the month, either 1) no more services would be provided or 2) additional money would be required to continue services. Mr. Jones then asked the Board to "give him an offer" of what they thought would be fair. A Board Member said that if Mr. Jones wanted the Board to solve the compensation problem, it might involve looking for a new Manager. Chairman McKibben mentioned we want to keep Mr. Jones as the Manager, and that we should look for a compromise. The agreement should be for a flat amount that Mr. Jones would charge to manage the district, plus an amount for special projects. Mr. Jones said he would come up with something to bring to the Board. The issue was tabled for now by Chairman McKibben.

c. Revisions to the bylaws. Discussion was tabled by Chairman McKibben.

d. Approval of engagement of a water attorney.

Mr. Jones and Treasurer Tanner met with SRP, and it was obvious a quick resolution was not forthcoming for the issue of pursuing our water claims and points of diversion. They contacted David Brown of St. Johns to possibly represent the district. A proposal for representation was presented to the Board. Treasurer Ray Tanner moved the motion with the following language: I move that RTDWID enter into a agreement with the Brown & Brown Law Offices for the express purpose of perfecting our historic use of the natural stream flow waters of the East Verde River for domestic purposes. In the event it proves we cannot prove we have a water right consideration will be given to acquiring a right from others or from the SRP Craigin water. Any agreement to acquire water rights from others including SRP will require additional Board consideration and approval. The District's primary supervision of the law firm will be by a Board member, currently to be Ray Tanner in consultation with the District Manager. Chairman McKibben seconded the motion and it passed unanimously.

e. Expenditure of up to an additional \$2,000 for the District Manager for his services regarding issues with SRP. Treasurer Ray Tanner moved the following motion: I move that the current special projects agreement with HDJ Management to perfect our historic use of the natural stream flow waters of the East Verde River for domestic purposes be extended for an additional 40 hours at the rate of \$50/hour. A supervising Board Member will manage the agreement with HDJ Management and no billable time will be generated without prior approval of the supervising Board Member. The supervising Board Member will be Ray Tanner. Chairman McKibben seconded the motion and it passed unanimously.

Call to the public: No input. Next meeting will be on July 26, 2014 at 1:00 pm. Meeting was adjourned at 4:15pm.