

**HIGHLAND PINES DOMESTIC WATER IMPROVEMENT DISTRICT
GOVERNING BOARD MEETING
DECEMBER 15, 2020
PUBLIC SESSION MINUTES**

1. **CALL TO ORDER:** Board Chair Celia Carr called the meeting to order at approximately 10:04 a.m. Due to the COVID 19 Pandemic, the meeting was conducted remotely by telephone conference – with all attendees calling into the conference call.

2. **ROLL CALL OF BOARD MEMBERS:**

Celia Carr, Board Chair – Present
Sandra McClintock, Vice Chair – Present
David Cook, Board Member – Present
Bryan Crossley, Treasurer – Present
Patti Ferguson, Board Member – Present

All of whom participated in the meeting via telephone conference call, thus constituting a quorum.

Also attending the meeting via telephone conference call were: William R. Whittington, District Attorney of Boyle, Pecharich, Cline, Whittington, and Stallings PLLC (“BPCWS”); Natalie Galgano-Pinkley, District Bookkeeper/Administrator of Municipal Accounts & Consulting, LP (“MAC”) and Dave Dirren of Sunrise Engineering.

3. **APPROVAL OF MINUTES:** Board Chair Carr noted she had one correction on the Executive Session minutes. Director McClintock made a motion to approve the minutes of the November 12, 2020 Regular and Executive Sessions as corrected. Director Cook seconded. The motion passed unanimously.

4. **CALL TO THE PUBLIC:** A call to the public was made for comments relating to District matters. There was no public at the meeting, and no comments were made.

5. **REPORTS AND CORRESPONDENCE:**

A. **Chair Report:** Board Chair Carr summarized the November maintenance report from Fann Environmental, with no unusual items to note.

B. **November Financial Report:** Ms. Galgano-Pinkley next presented and summarized the November Financial Report and the checks issued to date for the Board’s review and consideration.

There was discussion regarding the District’s reserve needs and calculation thereof. Director Crossley again noted since the District has a steady income and mostly predictable expenses, he doesn’t believe the monthly operating reserve analysis is the most accurate analysis for the District’s reserves. Several Board Members commented they like the information presented, as it helped those without a financial background to have a better grasp on the District’s financial position. Director Crossley asked that the month reserve calculation be removed until it is on an agenda for formal discussion and approval by the Board. Ms. Galgano-Pinkley noted she will remove the monthly calculation going forward until a formal decision is made.

It was noted that Fann spent a considerable amount of time at one property to locate and repair a leak in the meter box. Ms. Galgano-Pinkley has requested information if it was determined that the leak was on the District side or the customer’s side of the meter. Fann had made extensive notes on the work done, so she wants to confirm the end result of their investigating the issue. If the leak was on the customer side, the District does have it in the rate order to back-bill the expense to the customer. The total work at the property came to approximately \$2,100.

Ms. Pinkley-Galgano noted that there were a few door tags hung in the District this month for the accounts over 30 days past due. When the due date on those has passed, she will reach out to the Board Chair to confirm water shut-offs.

Director McClintock summarized her conversation with the property owners of the high delinquent account on parcel number 100-05-011C. The owners have offered a settlement amount that conforms with the Board's decision and approval from the November 2020 Board meeting. Director McClintock is planning to prepare a letter to send to the property owners to memorialize their discussion and the terms agreed.

Director McClintock made a motion to approve the November Financial Report and the checks issued to date. Director Ferguson seconded. The motion passed unanimously.

6. BUSINESS:

A. Discussion and Possible Action re: Main Transmission/Madizell Water Line Infrastructure Project and approval of Prescott National Forest SUP and Appendix B:

Mr. Dave Dirren updated the Board with the progress with the National Forest. Everything is being moved through and approved in a timely manner. Mr. Dirren has submitted a few brief comments on the SUPs for review, which have been included as of this morning. Board Chair Carr noted that Mr. Whittington has also reviewed and made a few comments that he sent over the Board Chair earlier this morning.

Director McClintock made a motion to approve the Prescott National Forest SUP and Temporary SUP, together with the applicable Operating Plan, and to authorize the Board Chair to revise and execute the same, together with any needed related documents and agreements, subject to review and approval of legal counsel. Director Cook seconded the motion. The motion passed unanimously.

B. Discussion and Possible Action re: approval of WIFA Debt Resolution: Board Chair Carr noted the form of the resolution was provided by WIFA. Ms. Galgano-Pinkley updated their form to be HPDWID specific, and Mr. Whittington has review the resolution.

Director McClintock made a motion to approve the "General Debt Authorizing Resolution, #2020-4", relating to the District's application for WIFA financial assistance associated with the HPDWID Main Transmission Water Line and Madizell Replacement Project, and authorizing the Board Chair to execute the same. Director Ferguson seconded the motion.

Ms. Galgano-Pinkley made a comment that per the Resolution and WIFA's requirements, system revenue monies will be used to make the WIFA loan payments, and not property tax monies. Property tax monies can be used to pay construction/project costs directly or reduce the loan amount. Since water system revenue will be allocated to make the WIFA loan payments, the tax revenue can also be used to help cover the District's general admin and overhead expenses. The motion passed unanimously.

Director Ferguson asked about the timing of the Girl Scout Camp's contribution to the project costs. Board Chair Carr noted she just received an email from the Camp's VP in the last few days saying once construction costs were determined and bid, they would be in discussion to pay the Camp's fair share. Director Ferguson asked if the District used that lump sum they would be able to get a better interest rate or a smaller loan. It was noted this would depend on the timing, as the WIFA application will be finalized in the next week or two and most likely the District won't know the Camp's contribution prior to the funding.

- C. Discussion and Possible Action re: request to Sunrise Engineering for a GIS modeling plan and a 10 to 20 year plan of anticipated HPDWID water line repairs/replacement costs:** In follow up to last month's discussion regarding how much reserve funds the District should have, it was said that a 5, 10 or 20 year plan of District anticipated repairs would be a valuable planning tool. Mr. Dirren gave the Board a brief description of a GIS system, how it is used, and the benefits of having one set up. It is the best tool to accurately determine estimated repairs and replacements. He noted that he has scheduled his GIS specialist to give the Board a presentation on GIS systems at the next Board meeting. He also noted this system helps preserve information when there are changes to the Board of Directors. Board Chair Carr asked Mr. Dirren to have a rough cost estimate for the system setup as well.

Director Crossley asked if the GIS maintain historical costs and/or replacement estimates for the different system items. Mr. Dirren stated that the financial numbers are not housed in the GIS system itself, but the information from the GIS system is extracted to prepare the District's 5, 10 or 20 year replacement plan which would include time based expected costs for upcoming projects. Ms. Galgano-Pinkley noted the replacement plan would assist her office to make the most accurate reserve plans, forecasting and projections for the District.

- D. Discussion and Possible Action re: follow up on budget contingency line and how the additional expense of \$4,000 to Sunrise Engineering approved at the November Board Meeting impacts the current budget:** Last month the Board approved the overage of \$4,000 to the time/material budget related to Sunrise's coordination with the Forest Service related to the main transmission line. Mr. Dirren noted that the original cost estimate had a 20% contingency built in – which the \$4,000 falls well within that contingency; so it should not affect the overall budget for the project.

Director Crossley asked where the line item budget is. Director McClintock noted she has a hard copy of the preliminary estimate. Mr. Dirren noted that the last estimate was done prior to the full design. Now that the design phase is completed he will be updating the cost estimate with more current information. Director McClintock noted she would send the prior estimate to Director Crossley in the next week or so.

- E. Discussion and Possible Action re: Emergency service call related to semi-truck hitting the District's fire hydrant on Skyline and High Point Roads and resultant insurance company claim:** Ms. Galgano-Pinkley noted she received the water loss estimate from Fann. She now has the information to put together the final invoice to the insurance company, and will be working on that in the next week or two. She is still waiting on a few more repair photos to finish out the packet, but it is close to being ready to transmit to the insurance company. Once the invoice packet is done, she will forward to Directors McClintock, Carr and Crossley for individual review.

- F. Discussion and Possible Action re: HPDWID customer newsletter and magnet distribution:** Board Chair Carr reminded the Board that they have received the magnets that were previously ordered. She would like to do a newsletter to the residents giving an update on the transmission line project and other District items. Director Crossley noted it would be nice to send a newsletter out annually in July as well after the budget and rates are adopted. Board Chair Carr noted she will do a first draft and send to the Board members individually for review.

- 7. POSSIBLE VOTE TO GO INTO EXECUTIVE SESSION:** The Board did not move into Executive Session.

8. BUSINESS:

A. Discussion and Possible action re: Skibiski claim (parcel 100-01-009D) that placement of the HPDWID water line under Double Eagle Road is illegal: Board Chair Carr noted that there hasn't been any updates or movement on this matter. Director McClintock did note that as part of Mr. Skibiski's plea on harassment charges, the Judge warned that if he tries anything further in regard to the District or residents regarding the water line, the charges could be escalated to felony charges.

B. Discussion and Possible action re: Girl Scout Camp Agreement for HPDWID services beginning FY 2021/2022: Board Chair Carr thanked Director McClintock for putting the agreement together. Mr. Whittington has reviewed and provided his comments earlier today. Director McClintock made a motion to approve the form of Agreement with the Arizona Cactus Pine Girl Scout Council, as modified by legal counsel, and authorizing the Board Chair to amend and execute the same. Director Cook seconded the motion.

Director Crossley asked if it would be beneficial to include an example of the annual water charge calculation in numerical form as well as spelled out. Director McClintock had considered it, but wanted to be careful not to include a fixed calculation in the Agreement as it would change annually. After discussion it was agreed to include the mathematical computation with either a note that the page was an example only and will change yearly, or with a "dummy" example of the calculation.

Director McClintock made a motion to approve the form of Agreement with the Arizona Cactus Pine Girl Scout Council, as modified by legal counsel and including an example of the calculation methodology, and authorizing the Board Chair to amend and execute the same. Director Ferguson seconded the motion. The motion passed unanimously.

9. FUTURE MEETING DATES: The Board Chair mentioned the upcoming meeting dates. Pending COVID, the next meeting will be held at either the Library, at Municipal Accounts & Consulting's office or via telephone conference. The next meeting is currently scheduled for February 11th at 10:00 am – location to be determined.

10. ADJOURNMENT: There being no further discussion, the meeting was adjourned at 11:04 a.m.