

**HIGHLAND PINES DOMESTIC WATER IMPROVEMENT DISTRICT
GOVERNING BOARD MEETING
AUGUST 12, 2021
PUBLIC SESSION MINUTES**

1. **CALL TO ORDER:** Board Chair Celia Carr called the meeting to order at approximately 10:01 a.m. The meeting was conducted in person with a telephone conference option – with all attendees calling into the conference call.
2. **ROLL CALL OF BOARD MEMBERS:**
 - Celia Carr, Board Chair – Present
 - Sandra McClintock, Vice Chair – Absent
 - David Cook, Board Member – Present
 - Patti Ferguson, Board Member – Present
 - Angelo Angeleri, 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”); Bill Weber of NFP Insurance; and Matt Thesing with the Arizona Cactus Pine Girl Scout Council.

3. **APPROVAL OF MINUTES:** Board Chair Carr reviewed the contents of the July 12th public session minutes and stated she would add the bidding matrix as an attachment to the minutes. Board Chair Carr also noted one correction on page 2. Director Angeleri made a motion to approve the minutes of the July 12, 2021 Regular and Executive Sessions with the changes noted by the Board Chair. Director Ferguson seconded. The motion passed unanimously.
4. **CALL TO THE PUBLIC:** A call to the public was made for comments relating to District matters. No public comments were made.
5. **REPORTS AND CORRESPONDENCE:**

A. Chair Report:

1. Board Chair Carr summarized the July 2021 maintenance report from Fann Environmental.
2. Board Chair Carr gave the Board an update on her and Director McClintock’s meeting with Harry Oberg of the Yavapai County Board of Supervisors requesting ARPA funds for the District. They are waiting for the application process to be finalized, and will follow up again when that process is ready.
3. Director Angeleri updated the Board on the status of Pump House No. 2 and the snake and rodent infestation. He noted the building insulation could be removed and not replaced because the water is heated prior to entering the pump and there is also a small indoor heater in the pump house. Fann Environmental provided a quote for the scope of work Director Angeleri had requested in order to get the pump house cleaned up and prevent future infestations. The quote is for \$2,725.
4. Director Ferguson had no update revising the District’s Administrative and Emergency Manuals. Board Chair Carr noted she would include this item on the November agenda.

5. Director Angeleri provided the Board with a draft updated Mission Statement and Strategy for the District. He suggested an updated statement with a clear idea of where the District was going would be an important update for the residents. Board Chair Carr asked the Board to review and consider the updated statement, and they would consider it again in November.

B. Administrative Report: Ms. Galgano-Pinkley presented and summarized the July 2021 Financial Reports. Director Ferguson made a motion to approve the July 2021 Financial Reports. Director Cook seconded. The motion passed unanimously.

6. BUSINESS:

A. NFP Insurance Policy Presentation by Bill Weber. Mr. Weber reviewed the District's current insurance policy with the Board. He suggested that the replacement values for the District's property need to be updated. Ms. Galgano-Pinkley noted she would work with Fann Environmental to get updated replacement costs. Mr. Whittington asked Mr. Weber a few questions regarding the District's policy. The Board considered raising their coverage to \$3-5 Million per Mr. Weber's recommendation of industry norms. He noted each additional million dollars in coverage costs approximately \$500 per year. Board Chair Carr stated she would include the review of the insurance policy on the November agenda to review premiums for higher coverage and the updated replacement costs.

Mr. Weber left the meeting at this time.

B. Discussion and possible action re: Pump House Rodent/Snake Infestation. Director Angeleri made a motion to approve Fann Environmental's proposal for Pump House No. 2 repairs for \$2,725. Director Ferguson seconded the motion. The motion passed unanimously. Director Ferguson made a motion to authorize the Board Chair to review, approve and execute any contracts or documents as may be required for the pump house repairs. Director Cook seconded the motion. The motion passed unanimously.

C. Discussion and Possible Action re: Renewal of Fann Environmental Contract. Board Chair Carr noted the current Fann Environmental contract expires on November 15th. Fann has not increased their rate to the District in 8 years. For this contract renewal they are requesting a 4% increase and the contract has a 3 year term. Board Chair Carr asked Mr. Whittington to review the contract prior to execution if it is approved. Director Ferguson made a motion to approve the renewal of the contract with Fann Environmental, with the increase to the base contract amount to \$33,820 per year. Director Cook seconded the motion. The motion passed unanimously.

D. Discussion and Possible Action re: Approve Call of Election. Mr. Whittington asked that this topic be deferred until after the Board's executive session.

E. Discussion and Possible Action re: Selection of HPDWID Board Chair, Vice-Chair and Treasurer and two members at large. Board Chair Carr reminded the Board that they review the Board positions annually, and opened the conversation for any suggested changes. Director Ferguson and Cook both stated they thought the Board Chair and Vice-Chair should remain in their positions for another year since the transmission project and Girl Scout Camp Agreement are both still underway. Director Angeleri volunteered to work with Director McClintock to learn more about the Treasurer's role and duties. Director Cook made a motion that the Board positions for the next year to be: Celia Carr, Board Chair; Sandra McClintock, Vice-Chair; Angelo Angeleri mentor for Treasurer; and Dave Cook and Patti Ferguson as members at large. Director Ferguson seconded the motion. The motion passed unanimously.

7. POSSIBLE VOTE TO GO INTO EXECUTIVE SESSION: Director Ferguson made a motion to go into Executive Session pursuant to A.R.S. § 38-431.03(A)(3) for legal advice and pursuant to

A.R.S. § 38-431.03(A)(4) to give instructions to legal counsel regarding: (a) Parcel 100-01-005 (Girl Scouts – AZ Cactus Council Inc.) request to amend HPDWID boundaries; (b) the HPDWID and Girl Scout Camp Agreement and future rate/fee schedule methodology; and (c) the call of election. Director Cook seconded the motion, which passed unanimously.

The Board left the public meeting teleconference to move into Executive Session at approximately 11:38 a.m. and noted they would return to public session at approximately 12:30.

The Board rejoined the public session at 12:33.

8. BUSINESS

A. Discussion and possible action re: Parcel 100-01-005 (Girl Scouts – AZ Cactus Council Inc.) request to amend boundaries of HPDWID and possible approval of Resolution relating to the same. Board Chair Carr invited Mr. Thesing to make any comments he may have on the annexation request. Mr. Thesing noted the Camp and District have worked together for a long time under the current agreement and the Camp is looking to have reliable, long term access to water service. The Camp is aware of District concerns for supplying water in emergency situations and the Camp would be willing to add infrastructure to allow their tank to support District needs in an emergency. The Camp remains willing to share costs for the main line project and wants to be an active member in the District community. After the District rescinded the June approval of the revised Agreement, the Camp is looking to ensure water service. The Prescott Camp is important to the Girl Scouts, and they want to ensure it is there to continue providing outdoor education and forward their mission for years to come. Mr. Thesing also noted the Camp is interested in getting equipment installed to make their tank fills automated to alleviate Fann Environmental needing to manually fill the tank. If the annexation is approved, the Camp expects to pay all costs for the infrastructure, legal costs, and all City fees. They are a value based organization and want to continue their neighborly relationship as part of the District.

Board Chair Carr thanked Mr. Thesing for his comments, and commented that after working with him over the past few years she has respect for both him and the Camp. She reminded the Board of the importance of this matter and they were here to carefully consider and acknowledge the Camp's request. She asked Mr. Thesing if the Girl Scouts have had any discussions with the City of Prescott regarding the annexation request. Mr. Thesing noted they had cursory level discussions with the City since they did not want to act prematurely. He noted the City has been providing the Camp's water for over 40 years and they have a good working relationship with the City. He noted on a high level, the City did not appear to have a concern since the annexation would not require any additional water from the City. Board Chair Carr also asked Mr. Thesing what future plans the Council may have for the Camp; and if there would be any changes in future water needs or property use. Mr. Thesing stated the Council intends to keep operating the Camp as is. They have discussed upgrading the program opportunities offered and expand the outdoor camping sites, but there are no future plans for expansion or change in use.

Director Cook noted the Board's concern regarding any changes in property use since the property is so large – approximately 160 acres. He noted that Mr. Thesing had talked about future generations continuing to enjoy the Camp, so it does not sound like there were plans for any immediate changes in use. He noted the District has vacant lots that they will be required to supply water to when built out, so the Board needed to keep that in mind when reviewing annexation requests. Mr. Thesing stated they plan to remain operating as a Camp and water use would stay status quo. The Girl Scouts have several camps, and besides the Camp in the Valley area, this Camp is their most popular and their biggest investment.

Board Chair Carr noted when she was looking at the parcel information on the County website, it appeared the Girl Scouts had a second parcel with an additional 29 acres. She asked Mr. Thesing to confirm the annexation request was only for the one parcel of about 160 acres. Mr.

Thesing stated he believed the Camp only owned one parcel, but he would research this second parcel. However, the request for annexation is only for the 160 acre parcel. He commented that water would only be needed to serve their current improvements, and the Camp's fence does not include any of the second parcel territory. He noted the Board's concern regarding future water use. While he can't predict the future, there is no intention to sell the property, but to keep it as is. The Camp may look to expand their staff quarters, but that would result in minimal impact to the District. Since water service is integral to the Camp services, they weren't comfortable with the Agreement termination clause that allowed it to be cancelled without cause.

Director Angeleri noted the Girl Scouts had their tank filled 5 or 6 times for the last few months. He asked if the Camp has any projections for the next year, or 5 years, on how that water usage may change? Mr. Thesing noted the projected water use would be based on occupancy rates. The Camp emphasizes smart water use to all their attendees. He noted last month the Camp completed some improvements to their waste treatment plant and a flush out was needed, so that increased their water use for the month. He also noted this year they are experiencing higher than normal occupancy rates due to the closures last year for COVID. The years prior to COVID would probably provide the Board better estimates of future water use; but he would consider the current use their cap since they are at high occupancy levels. He stated they hope to stay at or under their current use in order to maintain their operating costs. Director Angeleri also noted when he reviewed the District's system, the Camp is integrated in their system but is almost completely separate from how they serve the other residents and the impact to the system should be considered.

Director Ferguson reiterated the need to consider the 58 vacant lots already in the District. The Board needs to be mindful of the long term concerns of adding so much land to the District, especially for circumstances beyond what they can predict today and tomorrow. There are a lot of unknowns to the Board and to the Girl Scouts for what the future holds. The Girl Scout parcel is a lot of land for the District to handle, so they are obligated to consider that.

Board Chair Carr commented that the District appreciates the Girl Scouts and their reputation, and are happy to be associated with the Camp. The District would benefit from working with the Camp and its resources. The Camp has been a good neighbor to the District, if the District infrastructure is being pushed this is something the Camp may be able to help invest in, and she is happy their long term mission is to serve the girls. She noted the ad valorem taxes may or may not be assessed to the Camp since they are non-profit. Mr. Thesing noted that the Camp does pay taxes, but for the initial main line project the Camp expects to contribute a flat amount since they haven't been taxed the last few years. Going forward, the District could assess the Camp the same as all the other District members.

Board Chair Carr noted this is a very big decision for the District and any future water needs. Director Ferguson stated her concern of future demand since once the Camp is annexed in, they will always be part of the District. It is such a large piece of property, it could potentially have huge demands of guaranteed water service so it certainly requires a lot of thought and consideration. Director Ferguson made a motion to table Agenda items 8A and 8B (agreement consideration) for further discussion at the November Board meeting. Director Angeleri seconded the motion. Board Chair Carr agreed this topic requires a lot of consideration and the Board has been presented with a lot of information to consider. Board Chair Carr would also like to wait for the Board's Vice-Chair to have input and vote on the matter. She also noted this would give the Camp some time to discuss the annexation further with the City and an engineer, and would also allow for the District to hear from the City. The motion passed unanimously to table the matter until the November meeting.

Mr. Thesing left the meeting at this time.

C. Discussion and Possible Action re: Approve Call of Election. Director Cook motioned to table the Call of Election. Director Ferguson seconded the motion. The motion passed unanimously.

9. FUTURE MEETING DATES: The Board Chair mentioned the upcoming meeting dates. The next meeting will be held at either the Library, at Municipal Accounts & Consulting's office or via telephone conference. The next meetings is tentatively scheduled for 11/16/2021 at 10 am – location to be determined.

10. ADJOURNMENT: There being no further discussion, the meeting was adjourned at 1:12 p.m.