

Meeting Minutes
Board of Directors of
The Highland Pines Domestic Water Improvement District
May 21, 2014 – 1:00 p.m. at
Improvement District Services, Inc., 1965 Commerce Center Circle, Suite A, Prescott, Arizona

District Board Meeting Guidelines: The meeting will be held in accordance with A.R.S. Title 38 Open Meeting Laws. Board and attendees participation shall be civil and courteous. Any disruptive behavior could result in removal from the meeting. Comments and questions from the public shall be called upon by the Board Chairman, and shall begin with stating and spelling of the speaker's name and address. All comments and questions shall be directed to the Board Chairperson. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Jennifer Bartos, Improvement District Services, Inc. at (928) 443-9484. Requests should be made as early as possible to allow time to arrange the accommodation. Requests for copies of Board Meeting minutes or other District documents, inquiries, or complaints should be submitted in writing to: Improvement District Services, Inc., 1965 Commerce Center Circle, Suite A, Prescott, AZ 86301.

Call to Order – Julie Holst, Terry Ferris, Jim Kullas, and Gary Roysdon present. Andrea Mercado absent.

Also present and participating in the meeting: Jennifer Bartos, District Clerk/Administrator, Karen Davis, Administrator, and Dakota King of Improvement District Services, Inc.; Tom and Sandra Augello, Jerry Woodward, and Janis Roysdon, Highland Pines property owners.

1. Discussion and possible action to accept the resignation of Andrea Mercado.
Motion: made by Vice-Chairman Kullas to accept Andrea Mercado's resignation, second by Director Ferris.
Unanimous Approval
2. Discussion and possible action regarding three invoices past due from 2012 to Dana Kepner for \$2,548.18.
Karen told the Board that she was contacted by Dana Kepner regarding a past due invoice. According to their paperwork, parts were ordered by Pat Fitzgerald and were to be stored at their facility. However, the order form shows that the parts were ordered long after Mrs. Fitzgerald's death and none of the Board Members are aware of any order being placed by the District. The parts were picked up and signed for by Mrs. Fitzgerald's husband, but were never delivered to or received by the District.
Motion: made by Director Roysdon that whoever signed the receipts should pay the bill, second by Vice-Chairman Kullas.
Unanimous Approval
3. Discussion and possible action regarding field operations, to include:
 - a. Monthly operations report by Fann Environmental;
The report was reviewed.
 - b. Update regarding the installation of a new dialer system and Century Link line;
The phone line is in and waiting for the auto-dialer to be installed.
 - c. Update regarding repairs to the Ranger and the sale of the Quad;
Progress is being made on both of these vehicles.
 - d. Update regarding proposals for updated GIS maps;
Director Roysdon said that Jeff Withem with Yavapai County told him that it may be \$1,000-\$1,500 to add the changes for the recent projects and create the new District map. He said the County can create the map for the District and would like the information digitally.
Item tabled to the next agenda.
Staff was asked to get three written quotes to survey the easement at 5551 Hillside. Authorization to proceed with the lowest bid was given.
 - e. Approval of an invoice from Fann Environmental for additional services, in the amount of \$166.25.
Motion: made by Vice-Chairman Kullas to approve the invoice, second by Director Roysdon.
3 Votes yes – Ferris abstained.
4. Discussion and possible action regarding previous District issues:
 - a. Status on Ferris annexation;
Terry Ferris said the annexation should be complete next week.
 - b. Update from attorney regarding Transaction Privilege Tax;
No update.
 - c. Update regarding roof repairs on the supply storage house.
This item is completed.

5. Discussion and possible action regarding the City of Prescott Fee Collection for new connections.
Jennifer told the Board that the current buy-in fee for Prescott is over \$10,000. Karen said she contacted the City and they are sending a letter to the District listing the fees in question during the previous years. She said the City of Prescott fees will be collected for new connections and forwarded on to the City.
No action taken
6. Discussion and possible action to obtain the services of a new attorney for legal services.
It was discussed that the District will need a local attorney for legal services on an as-needed basis. Jennifer told the Board that other I.D.S. clients have worked with Bob Kozak. Director Ferris said he has had contact with Mr. Kozak as well. Jennifer said that Mr. Kozak will charge \$150.00 an hour for legal services.
Motion: made by Director Ferris to enter into an agreement with Robert Kozak for legal services and discontinue service with Moyes Sellers & Hendricks, second by Vice-Chairman Kullas.
Unanimous Approval
7. Discussion and possible action regarding a request by Lee and Cindy Reynolds to connect parcel 100-05-045, 5551 Hillside Circle, to the water system.
Karen told the Board that she has been in contact with the contractor and both the Smiths and the Reynolds regarding the fees for the District and the City of Prescott. She said this is the parcel that needs to have the easement and line located. It was agreed that typically, new connection requests are not required to have approval by the Board if the property is within the boundaries of the District and adjacent to a mainline. Karen said this is the first new connection that I.D.S. has processed with the District during this contract period and felt it prudent to review the procedure.
No action taken.
8. Discussion and possible action to approve an invoice from Moyes Sellers & Hendricks for legal fees, in the amount of \$270.00.
Motion: made by Director Roysdon to approve the payment and discontinue legal services with Moyes Sellers & Hendricks, second by Vice-Chairman Kullas.
Unanimous Approval
9. Discussion and possible action regarding the FY 2014/2015 Tentative Budget, rates and fees, billing policies, charged to the Girl Scout Camp and a District Ordinance, and if applicable set the hearing date and time for June 18, 2014, at 1:00.
The budget and fees were discussed. It was decided that the fees will most likely remain the same for the new fiscal year.
Motion: made by Vice-Chairman Kullus to adopt the tentative budget and set the hearing date and time as June 27, 2014, at 6:00 p.m. at the Fire Station in Highland Pines, second by Director Roysdon.
Unanimous Approval
10. Discussion and possible action regarding administrative issues, to include:
 - a. District audits and CPA services;
Karen told the Board that she has had discussions with WIFA regarding the audit requirements for the previous years. She said that the full audits, as previously done, may not be necessary. It was discussed that there should be no further work done on any District financial audit until WIFA provides their requirements. Once that is received then CPA services will be considered. Karen and/or Jennifer were given the authority to select the CPA.
Motion: made by Director Roysdon to discontinue services with Alex Cohan, second by Vice-Chairman Kullas
Unanimous Approval
 - b. Approve the warrants written in April 2014;
Motion: made by Director Roysdon to approve the warrants, second by Vice-Chairman Kullas.
Unanimous Approval
 - c. Staff report items.
Jennifer told the Board that Mr. Fiske paid his bill. Karen told the Board that Susan Frost now owns the house that the Board offered relief for the water bill.
11. Discussion and possible action to approve meeting minutes of April 16, 2014.

Motion: made by Vice-Chairman Kullas to approve the minutes, second Director Roysdon.
 Unanimous Approval

Public Comment Period: The public will be given the opportunity to comment to the Board of Directors on non-agenda item issues pertaining to the District. This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Two minutes will be allowed for each speaker.

Tom Augello said he has a leak at his house at 5038 Arrowhead Drive. He believes he lost about 30,000 gallons of water and is asking for a payment schedule for about six months.

Jerry Woodward said if the District sticks to the current rates there will be a shortfall.

Highland Pines Domestic Water Improvement District
Fiscal Year 2014-2015 Tentative Budget

Exhibit A

	Expense	FY 13/14 Budget	5/15/14 Actual	12 Month Estimate	FY 14/15 Budget
1	Administrative Services	\$26,000	\$26,247	\$31,496	\$32,938
2	Reimbursed Admin Svcs	0	95	95	500
3	Annual CCR Report	0	0	0	455
4	Attorney Services	1,000	2,115	2,500	3,000
5	Bank Charges	0	30	30	25
6	Directors Compensation	0	0	0	4,500
7	Education & Training	2,000	0	0	0
8	Elections/County Reimbursement	0	0	0	0
9	Engineering - GIS Updates	0	0	750	1,500
10	Insurance	5,100	2,790	5,128	5,282
11	Licenses & Permits	800	720	800	800
12	Mileage	1,200	282	282	0
13	Office Supplies	1,500	1,159	1,159	250
14	Payroll Wages & Taxes	40,000	16,165	16,165	0
15	Postage	1,500	312	482	167
16	Professional Services - CPA	12,000	1,139	4,425	7,000
17	Publishing	250	129	550	250
18	Storage	800	508	800	800
19	WIFA Loan Payments:	55,000	46,335	55,847	0
20	Loan Payment 92A144-09				9,662
21	Loan Payment 920220-12				46,532
22	Operations Services	0	22,240	27,660	29,043
23	Operations Overtime	0	140	140	500
24	Buildings & Structure Repairs	0	0	650	1,000
25	Electricity	10,000	10,156	12,829	13,470
26	Equipment Rental	500	45	45	0
27	Emergency Services	0	10,530	15,000	15,000
28	Hauling & Disposal	0	680	859	900
29	Lab Analysis	2,200	515	2,200	500
30	Line, Meter & Valve Replacement	0	9,745	9,745	1,000
31	Machinery (Quad / Backhoe)	4,000	2,335	3,000	3,000
32	Meter & Backflow Installation	0	0	0	1,000

33	Mobile Phone	1,200	0	325	0
34	Operating Equip & Supplies	17,000	2,350	3,760	3,700
35	Propane	0	52	52	60
36	Telephone & Dialer	800	919	919	1,640
37	Water Purchase - City of Prescott	70,000	51,654	72,923	75,111
38	Sales Tax	0	5,141	10,012	10,012
39	Contingency (10% 1-38)	0	290	28,063	26,960
40	WIFA Loan Payment Reserve	0	0	0	52,976
41	City Buy-in Fees (prior to 2014)	0	0	0	80,000
42	Total O&M Expense	\$252,850	\$214,818	\$308,691	\$429,533

CAPITAL EXPENSE

43	Capital Emergency Fund	0	0	0	93,591
44	New Lines, Meters & Valves	0	96,799	96,799	0
45	Engineering	1,000	1,075	1,075	0
46	Capital Improvements - other	80,000	807	807	0
47	City of Prescott Buy-in Fees	0	0	0	10,000
48	Capital Contingency	0	0	0	0
49	Total Capital Expense	\$81,000	\$98,681	\$98,681	\$103,591

50	TOTAL EXPENSE BUDGET	\$333,850	\$313,499	\$407,372	\$533,124
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	Revenue	FY 13/14 Budget	05/15/14 Actual	12 Month Estimate	FY 14/15 Budget
51	User Fees - Residential	\$275,000	\$239,047	\$273,197	\$273,197
52	Pumping Fees	2,400	0	0	2,400
53	Application Fees	1,000	1,140	1,140	1,000
54	Permit Fee	0	0	0	0
55	Activation/Transfer Fee	0	0	0	0
56	Ad Valorem Tax	0	0	0	0
57	Sales Tax - Water	0	8,343	10,012	10,012
58	Interest	0	127	127	120
59	City Buy-in Fees (prior to 2014)	0	0	0	80,000
60	Miscellaneous Income	100	1,160	1,160	0
61	Total O&M Revenue	\$278,500	\$249,817	\$285,635	\$366,729

CAPITAL REVENUE

62	Loans/Grants	55,000	51,336	51,336	0
63	Hook up Fee	0	0	0	3,000
64	City of Prescott Buy-in Fees	0	0	0	10,000
65	Interest	350	574	574	0
66	Total Capital Revenue	\$55,350	\$51,910	\$51,910	\$13,000
67	TOTAL REVENUE BUDGET	\$333,850	\$301,727	\$337,545	\$379,729

Fund Balances

O&M Fund Balance	
Balance as of May 15, 2014	\$120,859
Estimated Expenses 13/14	-93,873
Subtotal	26,986
Anticipated Revenue 13/14	35,818
Estimated Ending Balance 13/14	62,804

Est. Beginning Balance 14/15	62,804
Estimated Revenue 14/15	<u>366,729</u>
Subtotal	429,533
Estimated Expense 14/15	<u>429,533</u>
Estimated Ending balance 14/15	0

Capital Fund Balance

Balance as of May 15, 2014	\$90,591
Estimated Expenses 13/14	<u>0</u>
Subtotal	90,591
Anticipated Revenue 13/14	<u>0</u>
Estimated Ending Balance 13/14	90,591
Est. Beginning Balance 14/15	90,591
Estimated Revenue 14/15	<u>13,000</u>
Subtotal	103,591
Estimated Expense 14/15	<u>103,591</u>
Estimated Ending balance 14/15	0