

**HIGHLAND PINES DOMESTIC WATER
IMPROVEMENT DISTRICT
GOVERNING BOARD MEETING
FEBRUARY 13, 2020**

PUBLIC SESSION MINUTES

1. **CALL TO ORDER:** Board Chairperson Celia Carr called the meeting to order at approximately 10:00 a.m.
2. **ROLL CALL OF BOARD MEMBERS:** Those present were Board Chairperson Celia Carr and Board members Dave Cook, Sandy McClintock, and Patti Ferguson. Also present were Attorney William R. Whittington and Alyssa Osborn, for purposes of keeping the minutes.

3. **APPROVAL OF MINUTES**

1. **Regular Session of November 12, 2019**

The Board discussed the minutes of November 12, 2019. Chairperson Carr noted several typographical errors within the minutes that will need to be corrected. Board member McClintock made a motion to approve the minutes of November 12, 2019 with revisions. Board member Ferguson seconded the motion. The motion passed unanimously.

4. **APPROVAL OF MONTHLY FINANCIAL REPORTS**

Chairperson Carr reviewed the financial reports for the period of November 2019 through January 2020. The Board discussed the collections fees listed in the financial reports and the purpose of those fees.

Board member McClintock made a motion to approve the financial reports for the period of November 2019 through January 2020. Board member Ferguson seconded the motion. There was no further discussion. The motion passed unanimously.

5. **REPORTS AND CORRESPONDENCE**

A. **Board Chair Report:** Chairperson Carr informed the Board that she did not have a report to give.

6. **CALL TO THE PUBLIC**

A member of the Public, Ken Karkula, offered his support to the Board for their efforts in bettering the District. Mr. Karkula then discussed his history as a forest service employee and offered his services to the Board should they need any help if needed.

7. BUSINESS

A. Discussion and possible action re: acceptance of resignation of Board member David Barnard, effective December 31, 2019.

Board member McClintock made a motion to accept the resignation of Board member David Barnard, effective December 31, 2019. Board member Ferguson seconded the motion. There was no further discussion. The motion passed unanimously.

B. Discussion and possible action re: potential appointment of Bryan Crossley to fill the vacancy created by the resignation of David Barnard.

Board member McClintock made a motion to appoint Bryan Crossley to fill the vacancy created by the resignation of David Barnard. Board member Cook seconded the motion. Mr. Whittington reminded the Board of the Oath of Office requirements and informed the Board of the open meeting law training requirements that Mr. Crossley must complete prior to taking office. The motion passed unanimously.

C. Discussion and possible action re: possible approval of the hiring of William R. Whittington and the law firm of Boyle, Pecharich, Cline, Whittington & Stallings, P.L.L.C. as legal counsel for the District; possible approval of Resolution # 2020-1 re: same.

Mr. Whittington introduced himself to the Board. He explained the history of his firm and his knowledge as it related to special taxing districts. Mr. Whittington explained that should the Board approve Resolution #2020-1, that the Board can use Mr. Whittington's services at its convenience and has no obligation to use those services.

Member of the public, Mr. Ken Karkula, offered his support of the District's possible decision to hire legal counsel.

Board member McClintock made a motion to approve the hiring of William R. Whittington and the law firm of Boyle, Pecharich, Cline, Whittington & Stallings, P.L.L.C., as legal counsel for the District, and to approve Resolution # 2020-1 relating to the same. Board member Ferguson seconded the motion. There was no further discussion. The motion passed unanimously.

8. POSSIBLE VOTE TO GO INTO EXECUTIVE SESSION

A. Possible vote 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 re: termination of Administrative Services Contract with Improvement District Services, Inc.; possible ratification of Sunrise Engineering contract and possible modifications to same; possible contract for accounting and billing services; issues relating to Board Bylaws, Ordinance 2015-1, and Board policies; possible annexation of Lollar and Wilhelm properties into the District; possible water line encroachment issue re: Skib parcel.

Board member McClintock made a motion to enter 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 re: termination of Administrative Services Contract with Improvement District Services, Inc.; possible ratification of Sunrise Engineering contract and possible modifications to same; possible contract for accounting and billing services; issues relating to Board Bylaws, Ordinance 2015-1, and Board policies; possible annexation of Lollar and Wilhelm properties into the District; possible water line encroachment issue re: Skib parcel. Board member Ferguson seconded the motion. There was no further discussion. The motion passed unanimously.

The Executive Session began at approximately 10:28 a.m.

Public Session reconvened at approximately 11:30 a.m.

9. BUSINESS

A. Discussion and possible action re: termination of Administrative Services Contract with Improvement District Services, Inc.

Board member Cook made a motion to approve the termination of the Administrative Services Contract with Improvement District Services, Inc. Board member McClintock seconded the motion. There was no further discussion. The motion passed unanimously.

B. Discussion and possible action re: possible ratification of Sunrise Engineering contract and possible modifications to same.

Board member McClintock made a motion to ratify the contract with Sunrise Engineering of October 3, 2019 and directed that the Board Chair and legal counsel modify the contract so that it complies with state law requirements. Board member Cook seconded the motion. There was no further discussion. The motion passed unanimously.

C. Discussion and possible action re: possible authorization of contract with alternate accounting and billing services company.

Chairperson Carr informed the Board that she had received two proposals for accounting and billing services (one from MDI Taxes & Accounting and one from Wallace Utility Billing Services, LLC) and that a third proposal was to be expected from Municipal Accounts & Consulting, L.P.

Board member McClintock made a motion to have the Chairperson, or an appointed committee, or an appointed board member, to review those proposals and determine which accounting firm would be the best option for the District, to replace Improvement District Services, Inc., and to bring their recommendations back to the Board for approval at the next Board meeting. Chairperson Carr seconded the motion. A member of the public, Peter Tyson, asked the Board if the new accounting firm would replace Improvement District Service. Chairperson Carr explained that

the District contract with Improvement District Services for billing and administrative services, Fann Environmental, LLC for operational services and support, and Sunrise Engineering for engineering services, and that the new accounting firm would only take over the billing services for the District. There was no further discussion. The motion passed unanimously.

D. Discussion and possible action re: Fann Environmental, LLC Operations report and issues; maintenance and repairs.

James Muylle from Fann Environmental, LLC discussed the Operations Report that Fann Environmental, LLC provided to the Board. Board member McClintock asked Mr. Muylle about the possibility of moving certain meters to accommodate certain meter reading issues. Mr. Muylle explained that Fann Environmental, LLC has a good working relationship with those homeowners and sees no need to go to the expense of moving meters. Mr. Muylle updated the Board on the lighting that had been replaced at both pump stations 1 and 2 and asked that Board approve the installment of an additional lighting fixture.

Chairperson Carr commented on the clean water testing Fann Environmental had done and thanked Mr. Muylle for his attendance at the meeting.

E. Discussion and possible action re: possible approval of Celia Carr and Sandy McClintock as signators on District bank accounts.

Chairperson Carr discussed that the District had moved its bank accounts in the past and that the only listed signers on the District bank accounts were Jennifer Bartos and Diana King of Improvement District Services.

Board member Cook made a motion to approve Celia Carr and Sandy McClintock as signators on the District's bank accounts. Board member McClintock seconded the motion. There was no further discussion. The motion passed unanimously.

Mr. Whittington asked Chairperson Carr to clarify if the motion was the add Celia Carr and Sandy McClintock as additional signers on the District's bank accounts, or if the motion was to remove Jennifer Bartos and Diana King as signers and replace them with Celia Carr and Sandy McClintock.

Board member McClintock suggested that Jennifer Bartos and Diana King also remain as authorized signers on the District bank accounts until the expiration of the Improvement District Services, Inc. contract on March 31, 2020.

Board member McClintock made a motion to include Jennifer Bartos and Diana King as authorized signators on the District's bank accounts until March 31, 2020. Chairperson Carr seconded the motion.

Mr. Crossley asked the Board to clarify if there are any limitations on check signing or spending limits. Both Board member McClintock and Chairperson Carr informed Mr. Crossley that there are no currently limitations for spending limits and that currently only one person is required to sign the checks. Mr. Whittington suggested that Board adopt a policy relating to check signing and spending limits at a future board meeting.

There was no further discussion. The motion passed unanimously.

F. Discussion and possible action re: board meeting location; possible approval of expenses relating to same.

The Board discussed the need for a new board meeting location. Mr. Whittington recommended that the Board ratify the expense of using the Jim Lee Boardroom at the Residence Inn at the next Board meeting.

Chairperson Carr made a motion to table this item. Board member Cook seconded the motion. Mr. Karkula asked that the Board consider implementing a better process for notifying homeowners of meetings. Mr. Whittington informed Mr. Karkula that could be discussed during the next Agenda item. There was no further discussion. The motion passed unanimously.

G. Discussion and possible action re: District posting locations.

Mr. Whittington gave the Board a form of “Public Notice” for the Board’s review. Mr. Whittington explained that because the District does not have website, this form will need to be completed and filed with the Yavapai County Board of Supervisors, disclosing where the Board intends to post their Notice and Agendas for Board meetings. Board member McClintock suggested that the District post on the community board located by the Fire Station on the corner of Skyline Drive and Happy Valley Road, and the community board located by the Yavapai County Maintenance Yard located on Skyline Drive.

Board member McClintock made a motion that until the District has created a new website, the Notice and Agendas for the upcoming Board meetings will be posted on the community board located by the Fire Station on the corner of Skyline Drive and Happy Valley Road, and the community board located by the Yavapai County Maintenance Yard located on Skyline Drive, and that the Public Notice be completed by the Board Chairperson to reflect those posting locations and filed with the Yavapai County Board of Supervisors. Board member Cook seconded the motion. There was no further discussion. The motion passed unanimously.

H. Discussion and possible action re: possible modifications to Ordinance 2015-1 re: District administration and District offices.

Mr. Whittington recommend that the Board authorize legal counsel to review and revise Ordinance 2015-1 for the Board's review.

Board member McClintock made a motion to authorize legal counsel to revise Ordinance 2015-1 and bring back to the Board for approval. Board Chairperson Carr seconded the motion. There was no further discussion. The motion passed unanimously.

I. Discussion and possible action re annexation of Lollar and Wilhelm properties into the District.

Mr. Wilhelm was present at the Board meeting and the Board asked that he inform the Board of his situation and explain what he is requesting of the Board. Mr. Wilhelm explained to the Board that he and another homeowners (Mr. Lollar) have been in discussion with the City of Prescott requesting that their property be annexed into the Highland Pines Domestic Water Improvement District. Mr. Wilhelm further explained that in order for the City of Prescott to approve said annexations, it will be necessary for the Board to consent to the annexation of their property into the District.

Board Chairperson Carr asked Mr. Whittington for clarification as to the annexation process. Mr. Whittington explained to the Board that the District will need to consent to the annexation of the Wilhelm and Lollar properties into the District. Mr. Whittington asked Mr. Wilhelm if his parcel was contiguous to the District. Mr. Wilhelm said that he thought it was non-contiguous, but within 6 miles. Mr. Whittington further explained to the Board the requirements for annexation. Mr. Whittington recommended to the Board that they put the possible annexation of the Wilhelm and Lollar properties on an Agenda for consideration at the next Board meeting.

Board member McClintock asked Mr. Wilhelm when the next City Council meeting was and informed the Board that she would attend that City meeting and report back to the Board at the next meeting what was discussed.

Board Chairperson Carr made a motion to put the possible annexation of the Wilhelm and Lollar properties on the Agenda for consideration at the May 14th Board meeting after Board member McClintock attends the City Council meeting and reports to the Board at the May 14th Board meeting. Board member Cook seconded the motion. There was no further discussion. The motion passed unanimously.

J. Discussion and possible action re: possible water line encroachment issue re: Skib parcel.

Mr. Skib was present at the Board meeting and the Board asked Mr. Skib to provide more information about the possible encroachment of a District water line on his property. Mr. Skib explained to the Board that he contacted Jennifer Bartos at Improvement District Services approximately two months ago and had not heard back from the District regarding the issue. Mr. Skib further explained that he has found a water cap buried on his property that he believes may be connected to as much as 600-feet of water lineage. Mr. Skib explained that he purchased the parcel last year and has had a complete Chain of Title on the parcel and that there are no recorded easements giving the District the right to run a water line across his property.

Dave Dirren of Sunrise Engineering offered to have a surveyor look at the property to determine what the location and purpose of the water line is.

Board Chairperson Carr made a motion to authorize Sunrise Engineering to do the research and possible survey on parcel No. 100-01-009D to determine the location and purpose of the water line and to report back to the Board at the May 14, 2020 Board meeting. Board member McClintock seconded the motion. There was no further discussion. The motion passed unanimously.

Mr. Skib advised the Board that he would exchange his contact information with the Board and Sunrise Engineering so as to assist in the facilitation of a meeting with Sunrise Engineering for a walkthrough of the property.

- 10. ADJOURNMENT:** Board member McClintock made a motion to adjourn the Board meeting at approximately 12:08 p.m. Board Chairperson Carr seconded the motion. There was no further discussion. The motion passed unanimously.