

**HIGHLAND PINES DOMESTIC WATER IMPROVEMENT DISTRICT
GOVERNING BOARD MEETING
MAY 21, 2020
PUBLIC SESSION MINUTES**

1. **CALL TO ORDER:** Board Chair Celia Carr called the meeting to order at approximately 1:04 p.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”); Mike Young, District Operator of Fann Environmental; Dave Dirren, District Engineer of Sunrise Engineering; along with Out of District Resident Jeff Wilhelm.

3. **APPROVAL OF MINUTES:** Director McClintock made a motion to approve the meeting minutes of April 10, 2020. 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 were no comments from any member of the public.

District resident Craig Skibiski joined the conference call.

5. **REPORTS AND CORRESPONDENCE:**

A. **Chair Report** – by Celia Carr

1. **Fann Monthly Operations Report:** Chairperson Carr gave a brief summary of her discussions with Fann Environmental regarding activities in the District over the last month, and asked Mr. Young to comment on the tank leak. Mr. Young explained there is leak on the tank at the inlet rubber seal. The repairs are not urgently needed at this time, but he will continue to keep an eye on the issue and report to the Board as needed.
2. **HPDWID Website Update:** Chairperson Carr gave a brief update regarding the Districts new website. The Website has now gone active and the payment portal is posted but still a work in progress. Patti Ferguson volunteered to be the primary keeper of the website going forward. Chairperson Carr suggest she look at other District website’s for any further recommendations or additions that may be beneficial for the District.
3. **Sale of Polaris Ranger:** The District had agreed to sell its Polaris Ranger to Fann Environmental back in August 2019. However, it had been brought to the Board’s attention that this transaction was never finalized. This month, Director Crossley spearheaded getting this transaction finalized and updated the Board that the District has received Bill of Sale a signed by Fann Environmental, title has been transferred to Fann, and payment from Fann has been received by MAC for this transaction.

B. **Administrative Report** – by Natalie Galgano-Pinkley

1. **Transition Summary:** Mrs. Galgano-Pinkley provided the Board with an update regarding the bookkeeping and administration transition from IDS to MAC. Her firm is at the final stages of transition, bill statement were sent out the week before, and she is working with her IT team to finalize the payment portal.

2. **Bookkeeper's Financial Report:** Mrs. Galgano-Pinkley then presented and reviewed with the Board the Bookkeepers Reports dated May 21, 2020, including disbursements presented for payment as prepared by MAC. After discussion the Board asked for the monies collected from property taxes be earmarked on the financial reports, showing that they will be used for the upcoming transmission line project. Director Crossley moved to approve the financial reports as presented. Director Ferguson seconded said motion, and the motion passed unanimously.

6. BUSINESS

- A. **Discussion and possible action re: repair to HPDWID lower water tank on Madizell Drive.** Pursuant to Mr. Young's recommendation, Director McClintock moved that the District hold off on repairing the lower water tank on Madizell Drive at this time, and for Fann to continue monitoring the issue and advise the Board when repairs may be needed. Director Cook seconded the motion, and it passed unanimously.
- B. **Discussion and possible action re: update on Main Transmission/Madizell Water Line Infrastructure Project.** Dave Dirren from Sunrise Engineering provided the Board with an update on the Transmission Line project. The plans for the project are currently 85% complete. His firm has been waiting on the Forest Service before moving forward. He is hopeful that the District may be able to obtain Forest Service approval in 6 months or less – depending on their internal and environmental processes. He requested that the Board approve his firm finalizing the plans 100% so they are ready to obtain permits as soon as the Forest Service allows. The Board questioned if anything could change between now and the next 6 months to a year that would render 100% plans inaccurate/unusable. Mr. Dirren ensured them this was not the case since the easement follows the line and isn't by metes & bounds. After discussion Director Cook moved that Sunrise Engineering be approved to complete the plans for the Transmission project to 100%. Director McClintock seconded, and the motion passed unanimously.
- C. **Discussion and possible action re: Draft Annual 20/21 Budget/Rates and Fees.** Mrs. Galgano-Pinkley next presented the Draft Operating Budget for the District's fiscal year ending June 30, 2021 along with the proposed Rates and Fees for the same fiscal year. Ms. Galgano-Pinkley, noted that the drafted Rates & Fees contemplated a 3% raise for water usage rates to keep up with the City of Prescott's recent fee increase.

While reviewing the draft budget, the Board asked for the changes to be made to the 2021 Budget for the Transmission Project Engineering expense before considering the budget next month for approval.

While reviewing the Rates & Fees, Chairperson Carr brought up concerns that the Girl Scout Camp's flat monthly fee is not enough to cover their share of the District's electricity and operational costs. She asked the Board to consider raising the Camp's flat fee to \$125 per month and leave their usage fees the same. Discussion ensued regarding making changes while still maintaining a good working relationship with the Camp since they have agreed to work with the District with funding the upcoming transmission line project. The Board also discussed changes to the copy charges, and how the District's current fees are lower than the expense the District pays to obtain records from the County.

After discussion, Director Cook moved to raise the Girl Scout Camp monthly base fee for \$125 per month and leave their gallon usage rate the same. Director Ferguson seconded, and the motion passed unanimously. Director McClintock then moved to raise the District's copy costs to \$1 per page and \$4 per page for pages larger than 11x17. Director Cook seconded the motion and the motion passed unanimously.

- D. **Discussion and possible action re: ratification deposit payment to Sadie Sarti Design Co:** Chairperson Carr reported that on 3/22/2020 she authorized a deposit payment towards the District's new website to Sadie Sarti Design Co. for \$1,050.00, and total payment of \$2,238.00 for website design. With the new website, the District will have an annual payment for its Domain Name and Hosting by GoDaddy GoCentral Builder. After discussion, Director McClintock moved that the deposit payment, the total website expense and the annual payments to GoDaddy be ratified and approved. Director Cook seconded the motion, which passed unanimously.

- E. **Discussion and possible action re: ratification of Municipal Accounts and Consulting, L.P. Contract.** Chairperson Carr reported that per the Board Meeting on February 28, 2020 she completed and signed the bookkeeping and administration contract with Municipal Accounts & Consulting LP on 4/1/2020. Both Mr. Whittington and the Chairperson Carr had reviewed the contract and made revisions prior to its execution. After discussion, Director McClintock moved that the contract with Municipal Accounts & Consulting, LP as signed by Chairperson Carr be ratified and approved. Director Ferguson seconded, and the motion passed unanimously.
 - F. **Discussion and possible action re: ratification for 5/6/2020 NFP Liability Insurance Policy Renewal.** Chairperson Carr reported that she had signed and authorized payment of \$5,967.00 for the 2020-2021 Insurance Policy with NFP. The prior policy was set to lapse on 5/6/2020, and in order to ensure no lapse of coverage the policy and payment were made prior to that expiration date. After discussion, Director Cook moved that the insurance policy and annual premium payment be ratified and approved. Director McClintock seconded, and the motion passed unanimously.
 - G. **Discussion and possible action re: appointment of Bryan Crossley to HPDWID for 2020-2024 term.** Chairperson Carr noted that at the February 13th 2020 Board Meeting, Director Crossley had been appointed to fill the vacancy created by David Barnard's resignation. Director McClintock moved that Bryan Crossley be appointed to the District Board for the year 2020-2024 term. Director Cook seconded and 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) on use of heavy construction equipment on Double Eagle Road, Lollar Wilhelm annexation, HPDWID easement research including main transmission line and parcel 100-01-009D, Sunrise Engineering Contract Addendum, Fann Environmental Contract Addendum, NFP Liability Insurance Contract and 2020-1 HPDWID Ordinance. Director McClintock seconded the motion, which passed unanimously.

The Board left the public meeting teleconference at 1:45 p.m. to move into the Executive Session teleconference, stating they would resume the public session at 2:30 p.m.

8. **BUSINESS:** The Board reconvened in Public Session at 2:30 p.m.
- A. **Discussion and possible action re: Craig Skibiski (parcel 100-01-009D) claim that placement of water line on Double Eagle Road is illegal and resultant HPDWID legal and engineering costs.** Chairperson Carr stated for the record that to date Mr. Skibiski's claim had cost the District \$8,711 in attorney and engineering fees. Mr. Skibiski made a comment that this amount was outrageous. After further discussion, Director Crossley moved to authorize legal counsel to complete legal research as it relates to Double Eagle Road Easement consistent with the legal advice received in Executive Session. Director Ferguson seconded the motion, and the motion passed unanimously.
 - B. **Discussion and possible action re: research by Chair and Vice-Chair regarding the safe and appropriate use of earth moving equipment for purposes of construction on Double Eagle Road.** The Board discussed the possibility of sending Mr. Skibiski a statement regarding the use of earth moving equipment on Double Eagle Road. Director McClintock moved that the Board authorize legal counsel to forward Mr. Skibiski a letter regarding the heavy moving equipment consistent with the legal advice received in Executive Session. Director Cook seconded, and the motion passed unanimously.
 - C. **Discussion and possible action re: research and survey completed on 3/10/2020 by Dave Dirren of Sunrise Engineering to determine location and purpose of water line on Skibiski parcel.** Mr. Dirren reported to the Board that the Survey has been completed, but it was not recorded. The Board had advised him not to record the survey per legal counsel's advice.
 - D. **Discussion and possible action re: Lollar Wilhelm annexation to the District.** Mr. Wilhelm made a comment to the Board, hoping that they understood the proposal. The Lollar/Wilhelm's are not asking the Board to incur any costs, but they are willing to pay for all the expenses. They have seen the letters from Fann and Sunrise regarding any risk of them connecting to the system, and advising that their connection be held until the repair and replacement to the system is complete. He stated he thinks the City of Prescott is ready to approve and he is just looking for a resolution on the easement issue, which may be resolved if they were annexed in.

Chairperson Carr responded to Mr. Whilhem's comments. She stated that the Board has provided them with copies of the historical document they had – included but not limited to a fact sheet, easements, bills of sale, quit claim deeds, warranty deeds and the letters from Fann Environmental and Sunrise Engineering. She stated that based on the Board's current knowledge, it is likely that an annexation would not be voted on positively. She informed Mr. Wilhelm that he would need to file a petition for a formal hearing that would be held in 40 days. Mr. Whittington provide Mr. Wilhelm with the statute reference for the petition procedure.

Following this discussion, Director Crossley made a motion to authorize legal counsel to research the easement on the Lollar Wilhelm property in accordance with the legal counsel received in Executive Session. Director McClintock seconded the motion, which was approved unanimously.

- E. **Discussion and possible action re: approval of Addendum and Deliverables Date Table to 10/3/2019 Sunrise Engineering contract.** The Board reviewed the Addendum to the Sunrise Engineering contract and discussed some deliverable dates/timeline for the upcoming work. After discussion, Director McClintock moved to approve the addendum and delivery dates to the Sunrise Engineering contract. Director Cook seconded the motion, which passed unanimously.
 - F. **Discussion and possible action re: approval of Addendum to 10/1/2013 Fann Environmental contract.** The Board reviewed the Addendum to the Fann Environmental contract. After discussion, Director McClintock moved to approve the addendum for the Fann Environmental contract. Director Ferguson seconded the motion, which passed unanimously
 - G. **Discussion and possible action re: approval of HPDWID Ordinance 2020-1.** Chairperson Carr noted that the current District's Ordinance is from 2015 and needs to be updated. Director McClintock noted two changes – the section regarding district records should include the updated fees and the section for user fees should say the billing is at the beginning of the month and due as specified on the bill. After this discussion, Director McClintock moved the ordinance be approved with the noted changes. Director Cook seconded the motion, which passed unanimously.
9. **FUTURE MEETING DATES:** Chairperson Carr mentioned the upcoming meeting dates. Discussion was had regarding the best time and location for the June 11th Budget hearing with there still being COVID 19 closures in effect. The board discussed moved the hearing to 5:30 pm and hosting it in the District since the library is still closed. Mrs. Galgano-Pinkley noted that she will notice and publish the budget hearing as required.
10. **FUTURE MEETING AGENDA ITEMS:** Chairperson Carr then mentioned any upcoming agenda items that need to be added, which included:
- A. 2020/2021 Annual Budget/Rates & Fees presentation by Natalie-Galgano Pinkley and Bryan Crossley at 6/11/20 Special Public meeting.
 - B. Main Transmission Line/Madizell Infrastructure Project Update by Dave Dirren at 8/13/2020 meeting.
 - C. Obtaining an updated Girl Scout contract.
 - D. Having a new District Map updated by Sunrise Engineering. Dave Dirren will bring a proposal for the Board to consider.
 - E. Possibly having bylaws developed by the District.
11. **ADJOURNMENT:** There being no further discussion, the meeting was adjourned at 3:02 p.m.