

**HIGHLAND PINES DOMESTIC WATER IMPROVEMENT DISTRICT  
GOVERNING BOARD MEETING  
NOVEMBER 16, 2021  
PUBLIC SESSION MINUTES**

1. **CALL TO ORDER:** Board Chair Celia Carr called the meeting to order at approximately 10:04 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 – Present
  - David Cook, Board Member – Present
  - Patti Ferguson, Board Member – Present
  - Angelo Angeleri, Board Member – Present via Telephone Conference

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”); Matt Thesing with the Arizona Cactus Pine Girl Scout Council; and Anita & Todd Voris, homeowners in the District.

3. **REFLECTION:** Board Chair Carr provided a reflection for today’s meeting.
4. **APPROVAL OF MINUTES:** Board Chair Carr noted a few typographical and content corrections in the regular session minutes from October 18, 2021. Director McClintock made a motion to approve the minutes of the October 18, 2021 Regular Session with the changes noted by the Board Chair. Director Ferguson seconded. The motion passed unanimously.
5. **CALL TO THE PUBLIC:** A call to the public was made for comments relating to District matters. Mrs. Voris made a public comment regarding the placement of her meter box at 696 N. Skyline. The meter box is currently in the driveway and below the curb, so it creates the effect of a pothole when driven over. Fann Environmental has told her that the meter box could be raised or moved, but the work has to be approved by the District. She is asking the Board to approve Fann to do the work on the meter box.

Since Mr. Bill Weber and Mr. Dirren were not at the meeting/on the conference call yet, the Board Chair moved to Item 7 on the agenda, and would move back to item 6 when the participants were available.

7. **REPORTS AND CORRESPONDENCE:**
  - A. **Chair Report:** Board Chair Carr gave the Board an update on several items. She summarized the October 2021 maintenance reports from Fann Environmental. The Camp filled their tank twice and the lower tank leak has a slow trickle again due to the change in weather. Next she updated the Board that the election cycle has been updated. The resolution approved at the last Board meeting was forwarded to the County Elections and Board of Supervisors offices. The Board of Supervisors had no action on the resolution, but it was processed by the Election Department. The next District election is set for November 2022 (not March 2022). Next, Board Chair noted the decision on the ARPA funds request was initially expected by November 3<sup>rd</sup>. However, due to the volume of requests received, the decision has been delayed, there is no new ETA and the funds request response will be followed. Board Chair referred the update on the Madizell/Main Transmission Line Project until Mr. Dirren could join the conference.

- B. Administrative Report:** Ms. Galgano-Pinkley presented and summarized the October 2021 Bookkeeper/Financials/Cash Flow and Check. Director McClintock made a motion to approve the October 2021 Financial Reports. Director Cook seconded. The motion passed unanimously.

Mr. Bill Weber with NFP Insurance joined the meeting at 10:28.

**6. PRESENTATIONS/QUESTION AND ANSWER SESSIONS/BUSINESS:**

- A. NFP Insurance Policy Follow Up with Bill Weber:** As discussed at the August 12, 2021, Board meeting, Bill Weber requested the schedule of property replacement values be updated. Board Chair Carr provided Mr. Weber with the updated values given to her by Fann Environmental. Mr. Weber will update the District's policy as needed with the new replacement values. Director McClintock asked Mr. Weber if the District should have pipe coverage. He noted that when they can find those policies (which are rare) there is an extremely high deductible – and it is not normal for District to carry pipe coverage.

The Board then discussed raising the District's coverage limits from 1-3 Million to 3-5 Million. Mr. Weber noted the District currently has a \$1 Million umbrella policy. Additional million dollar layers would range approximately \$500 to \$600 per layer - \$500 is the minimum for each new layer. Director Ferguson commented she thinks the coverage increase is needed; it has been a long time since the policy was updated and it is important to keep the policy updated. Director Angeleri asked about increased coverage on director liability. Mr. Weber confirmed that the increased Umbrella policy would increase the director coverage as well.

Mr. Whittington had reviewed the NFP insurance policy summary but didn't review the detailed terms of the policy. He reviewed looking for adequate coverage limits, and he believes the District is on the low end for general coverage limits. He recommended the District raise their coverage limits.

With this information, increasing the District's coverage to \$4 Million would cost approximately an additional \$1,000 to \$1,200 per year; to have \$5 Million in coverage would be an additional \$1,500 to \$1,700 per year. Director McClintock thinks they should move to \$5 Million in coverage so the District's new assets will be covered and they don't have to review the policy again so soon.

Director McClintock made a motion to approve increasing the District's insurance to \$5 Million in total coverage. It was noted that this would be a \$1 Million primary policy, with \$4 Million in Umbrella coverage. Director Ferguson seconded the motion. The motion passed unanimously. Mr. Weber said he would work on the amendments and send any forms/invoices to the District for finalizing.

Mr. Weber left the meeting at this time.

- B. Discussion with Mr. Whittington re: multiple items:** Mr. Whittington suggested since these topics require legal advice that they be included in the executive session for discussion, and deferred until after the advice is received by the Board.

**8. BUSINESS:**

- A. Discussion and Possible Action re: pump house remediation including heater monitoring system:** At the Board meeting in August, having Fann remediate pump house #1 to the same condition as the first remediation done on pump house #2 was approved. The estimate for that work is \$2,725. Director Angeleri noted his concern that with the insulation removed they need to ensure the pump houses are maintaining adequate interior temperatures. He suggested installing thermometers in each pump house that record the minimum and maximum temperature data that can be reviewed over the winter months before changing the heating systems. He is confident in Fann's recommendation that the current heating is adequate, but he would like the data to verify. Director Angeleri motioned the District purchase two thermometers for monitoring the temperature in the pump houses. Director McClintock seconded the motion. The motion passed unanimously. Director Cook volunteered to purchase and install the thermometers once he received the recommendation from Director Angeleri.
- B. Discussion and possible action re: 696 N. Skyline Water Meters:** Following up on the homeowner's comments, Director McClintock noted that the road was raised when it was paved, so the meter box became a depression. The meter box isn't leaking or settling further down. Director Cook noted this request is made at the owner's discretion, it isn't a needed repair from the District's standpoint. The request is to improve their property. Director Angeleri noted he has seen lots of meter boxes in unusual places, since the infrastructure has been there so long, it isn't the District's responsibility to move them now. Mr. Whittington noted if the Board chooses to accommodate the homeowners, it could be conditioned on the homeowner paying any and all costs associated with the raising/moving of the meter box, and they would need to be required to grant access to the District to the box via an easement as needed – especially if the box is moved. Director McClintock made a motion to not authorize Fann to move or raise the meter at this time. She commented that if the homeowners can show a design of their proposed changes, the Board can review the matter again at that time. Director Cook seconded the motion. Four Directors voted for the motion, with Director Ferguson voting against the motion. The motion passed by majority.
- C. Discussion and Possible Action re: Main Water Line/Madizell Construction:** Mr. Dirren was unable to join today's meeting due to a family emergency. Board Chair Carr updated the Board with what she knew. The City of Prescott has denied providing direct access to water to the contractor via fire hydrant for the construction project. Mr. Dirren had said the contractor can haul water for the Madizell portion of the project, but they are asking if the District will give access to water for the forest portion of the project at the rate the District is charged for the water. Director McClintock made a motion to provide water for the project at the rate the District pays the City for water. Mr. Whittington commented that providing the water could possibly need City approval, it is unclear from the District's IGA. The Board could condition its motion on getting any necessary City approval. Director Angeleri suggested a sign/notice be posted on the fire hydrants advising the residents it was a legitimate water use, that someone wasn't stealing the water. Director Angeleri seconded the motion. Director Ferguson suggested the motion be conditioned on any necessary City approval.
- Director Angeleri made a motion that the District provide water to the contractor at the price the District pays the City for water, with the amendment that it be conditioned on any needed City approval. Director Cook seconded the revised motion. The motion passed unanimously.
- D. Discussion and Possible Action re: Main Transmission Line Memorial Plaque Reimbursement to Board Chair:** Board Chair Carr showed the Board the memorial plaque she ordered for the transmission line project. It will be installed on Pump House 1 when the project is completed. Director McClintock made a motion to reimburse Celia Carr for the purchase of the plaque. Director Cook seconded the motion. The motion passed unanimously.
- E. Discussion and Possible Action re: HPDWID Ordinance Language, Section 506 – Late Fees, Delinquencies, Liens and Interest and the new USPS Service Standards for First**

**Class Mail implemented on 10/1/2021:** Board Chair Carr suggested the District’s Ordinance be updated with definitions of when payments are received and when they are determined to be delinquent. Director Cook suggested the Ordinance also specify that payments are deemed received on receipt – not postmark date. There was some discussion regarding a grace period and discretion relating to late fees. It was noted the Ordinance does not give a grace period and the District Administrator has discretion for waiving late fees. Director McClintock made a motion to update the Ordinance language per the Board’s discussion – the language drafted by Board Chair Carr with Director Cook’s modification. Director Cook seconded the motion. The motion passed unanimously.

**F. Discussion and Possible Action re: HPDWID Administrative and Emergency Manuals; Bylaws including Mission Statement and Strategy:** The Board tabled this matter for the February meeting.

**9. POSSIBLE VOTE TO GO INTO EXECUTIVE SESSION:** Director McClintock 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 amended HPDWID boundaries; (b) HPDWID Girl Scout Camp Agreement and future rate/fee schedule methodology; (c) HPDWID legal services; (d) the definition of the “public”; (e) possible HPDWID annexation position statement; and (f) possible petition to the City of Prescott to take over HPDWID . Director Ferguson seconded the motion, which passed unanimously.

The Board left the public meeting teleconference to move into Executive Session at approximately 11:34 a.m. and noted they would return to public session at approximately 12:00.

The Board rejoined the public session at 12:05.

**10. 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 same:** Mr. Thesing made a comment to the Board regarding the Council’s request. The Council’s request is made in the hope to protect their Willow Spring’s location long term water access. The Council has been cooperative with the District in trying to update the agreement and agreed to pay their share of the transmission line project. The Council is willing to leverage their influence to benefit the District. The Council has no current plan to expand the Camp, and if expansion would be considered in the future it would be done with careful consideration of the City and the District. They have no current plan to sell the property, and if a sale is considered in the future, they would expect any potential new customer/use/meters go through the case review process for other new users in the District. If the annexation is approved, the Council is willing to reimburse the District for all legal fees incurred relating to the annexation, the amendment of the water agreement and an upfront payment of their share of the transmission line project. The Council will also pay to set up automatic fills of their tanks.

Board Chair Carr noted the Board deferred on this matter at the last meeting since Vice Chair McClintock couldn’t attend. Director McClintock has done a lot of work on the Camp agreement and has a lot of historical knowledge of the District. Board Chair Carr asked Mr. Thesing if they had heard from the City on the potential annexation. Mr. Thesing said they had not heard anything further from the City since the last meeting. Board Chair Carr noted the Board had a lengthy discussion in August. She briefly reviewed the minutes from that meeting and had sent to Mr. Thesing for his review. The main points from the August discussion were the concerns regarding future use of the property, water use, any potential sale/lease of the property, and the need to serve the vacant lots already in the District.

Director McClintock made her comments at this time. She noted that it would be difficult to use the Camp tank in emergency situations due to the tank’s elevation and because the District

can't allow water to go back into the distribution line once it has left. She also noted that the current agreement with the Camp gives the District customers' priority of service over the Camp. This priority would go away if the Camp is annexed. This right to priority was used over the summer when the District had a water main break. She also addressed the Council's concern that the District would cease service to the Camp. Since 1974 there has been no arguments or disruption in service. The 1974 agreement provides for 90 day cancellation and the proposed new contract would keep this provision. There has never been any conversation at the Board level for terminating the 1974 contract with the Camp. Director McClintock also commented that the Camp does not pay real estate taxes then the Camp would not be paying the same amount as all the other customers pay. Mr. Thesing said the Camp does pay taxes on some of their properties. If they aren't taxed on this property, they would be willing to pay that support and other items as needed. They expect to pay their fair share as a District customer.

The Board continued their discussion regarding the pros and cons of annexation. Board Chair Carr noted that two forms of resolution had been prepared for today's meeting – one draft approving annexation and one draft denying annexation. Director Ferguson asked if anyone had calculated the financial differences between approving or denying to see if it is a pro or a con to the District. Board Chair Carr noted it hadn't been calculated, but she believes the rates charged to the Camp would be higher as a customer. Mr. Thesing commented the Council has considered the cost of water may increase and they know water is an expensive commodity. Director Ferguson also asked if the National Girl Scout Council would need to get involved in this annexation. Mr. Thesing noted they are their own charter and independent of the National Council as long as they meet the charter requirements.

After some further Board discussion, Director McClintock made a motion to deny the AZ Cactus Council's request for annexation into the HPDWID boundaries. Director Cook seconded the motion. Director Ferguson commented she wished she felt more confident in the decision – one way or another. Board Chair Carr noted that there are a lot of pros to annexation and the Board has deliberated long and hard on this request. Saying this is a hard decision is an understatement.

Angelo Angeleri – Voted Yes, to Deny Annexation  
Patti Ferguson – Voted No, does not support Denial of Annexation  
Sandra McClintock – Voted Yes, to Deny Annexation  
Dave Cook – Voted Yes, to Deny Annexation  
Celia Carr – Voted No, does not support Denial of Annexation

The motion passed: 3 votes for denying annexation, 2 votes against denying annexation. Director McClintock made a motion that the Board Chair execute Resolution 2022-3 Denying the Annexation Request. Director Cook seconded the motion. The motion passed unanimously.

- B. Discussion and possible action re: HPDWID Girl Scout Camp Agreement and Future Rate/Fee Schedule:** Director McClintock has made a few minor revisions to the draft agreement, they will resend it to the Camp for review. She noted the fee schedule hasn't changed since the last time it was reviewed. Board Chair Carr asked if the agreement and fee schedule should be updated to either include an upcharge or a portion of the District Administrator fees. Director Angeleri noted he thought it was a fair contract but agrees the administrative fees need to be included to help cover the District's overhead. If the Board agrees, then they should update the fee calculation for the current year and to include a percentage of the administrative fees before sending to the Camp for review. Director Cook made a motion to approve the agreement between the District and the Camp, along with the updated fee schedule to include the base administrative fee as discussed, and forward the same

to the Camp. Director Ferguson seconded the motion. Four Directors voted for the motion, with Director McClintock voting against the motion. The motion passed by majority.

**6. PRESENTATION/QUESTION AND ANSWER SESSION/BUSINESS:**

**B. Discussion with William Whittington re: (b) possible HPDWID annexation position statement:** The Board went back to consider this Agenda item, after having received legal advice in the executive session. Director McClintock made a motion to have legal counsel prepare a policy to assist the Board in considering future annexation requests. Director Cook seconded the motion. The motion passed unanimously.

**10. BUSINESS:**

**C. Discussion and possible action re: HPDWID legal services:** Director Cook made a motion to continue engaging BPCWS as District legal counsel. This can be reevaluated by the Board as desired – but it was suggested to review again next year. Director Angeleri seconded the motion. The motion passed unanimously.

**11. 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 meeting is tentatively scheduled for 2/10/2022 at 10 am – location to be determined. It was noted that another meeting may be called sooner if needed for the Girl Scout Camp agreement.

**12. ADJOURNMENT:** There being no further discussion, the meeting was adjourned at 12:49 p.m.