

**INSCRIPTION CANYON RANCH SANITARY DISTRICT**

**P.O. Box 215 Chino Valley, AZ 86323**

**PUBLIC SESSION  
~MINUTES~**

**Approved May 22, 2012**

**May 1, 2012**

**Date:** Tuesday May 1, 2012

**Time:** 9:00 a.m

**Place:** Days Inn Conference Room 1, 688 Fletcher Court, Chino Valley, AZ 86323

**1. CALL TO ORDER.**

The Governing Board for the Inscription Canyon Ranch Sanitary District convened into public session at approximately 9:00 a.m.

**2. ROLL CALL.**

Bob Hilb, Chairman; Brian Ray, Board Member; Scott Robbins, Board Member; Bob Busch, District Manager; Isabel Yribe, District Clerk; Bill Whittington, Counsel; E.J. Kotalik, Legal Counsel (via telephone in Executive Session) and the following audience members according to the sign in sheet:

Clint Poteet	Curt Anderson
John Freeman	Hugh C. Pryor
Paula Green	Charles O'Brien
Dick Tracey	Eileen McGowan
Jimmy Stoner	Dayne Taylor
Chris Stoner	

**3. CALL TO THE PUBLIC**

There were no questions or comments from the public

**4. Bob Hilb made a motion to go into Executive Session for:** Discussion or consultation for legal advice with the attorneys of the Inscription Canyon Ranch Sanitary District pursuant to A.R.S. Section 38-431.03.(A)(3) and discussion or consultation with the attorneys of the Inscription Canyon Ranch Sanitary District in order to consider its position and instruct its attorneys regarding the District's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation pursuant to A.R.S. Section 38-431.03.(A)(4) re:

A. Missing and unaccounted for records, documents, and property of the District, that have not been produced by the previous District Board members.

B. Claims for reimbursement of attorney fees previously paid by the District.

- **Jimmy Stoner** asked Mr. Hilb if he could be more specific since the District hired attorneys for this. *Mr. Hilb stated that he could not get into the specifics*

*but that he could mention that E.J.Kotalik would be joining in the meeting during executive session.*

- **Dayne Taylor** asked that the board be more explicit in this agenda item. *Mr. Hilb attempted to answer the question when Mr. Taylor interrupted him. Mr. Hilb then asked Counsel Whittington if the description would suffice. Mr. Whittington stated that for purposes of Executive Session, it would.*

Mr. Hilb then continued with his motion -

- C. Adoption of Resolution 2012-4 approving and authorizing execution of the Bill of Sale for the Wastewater Treatment Plant as referenced in the Revised and Restated Development Agreement.
- D. Classification and retention of email, and other documents that may be determined to be public records.

*Counsel Whittington asked that Mr. Hilb include legal advice under A (3) for items 6 and 7. Mr. Hilb stated it was added to his motion.*

Brian Ray seconded the motion and the motion passed unanimously.

**Executive session began at approximately 9:05 a.m.**

## **5. RECONVENE INTO PUBLIC SESSION at approximately 10:55 a.m.**

*Mr. Hilb announced that Mr. Ray had to leave the board meeting due to medical reasons. He also stated that there would still be a quorum for voting purposes.*

- A. Missing and unaccounted for records, documents, and property of the District, that have not been produced by the previous District Board members. *Mr. Hilb stated that there would be no action on this item at this time.*
- B. Claims for reimbursement of attorney fees previously paid by the District. *Mr. Hilb stated that there has been a case filed by the District in Federal Court in Phoenix to try and recoup the attorney's fees paid by the District in the previous lawsuits. Mr. Hilb stated that there were no public documents available at this time but that the case number would be posted on the website. He also stated that the Board would post documents on the website as they are filed.*
  - **Eileen McGowan** wanted to know if the Sanitary District had filed these claims. And also asked what this would be costing the District. *Mr. Hilb stated that the District did file the claim and that the cost wouldn't be nearly as much as the approximate \$600,000 it was trying to recover. Counsel Whittington then asked Mr. Hilb not to elaborate any further on the matter discussed in Executive Session.*
  - **Dayne Taylor** wanted to know who the defendant in this matter. He also wanted to know the name of the insurance company. Mr. Taylor also asked when this information would be made available to the public. *Mr. Hilb stated that all this information would be made available on the website within the next couple of days. Mr. Hilb stated that any public documents that have been filed with the court would be posted on the website.*

## **5. CONSENT AGENDA (Routine items that may be approved by one motion)**

**Minutes of prior meetings****Public Meetings:**

Public Meeting Minutes of August 23, 2011  
Public Meeting Minutes of August 25, 2011  
Annual Rate Hearing Minutes of August 25, 2011  
Minutes of Ratification Meeting of September 16, 2011  
Public Meeting Minutes of September 27, 2011  
Emergency Meeting Minutes of October 7, 2011  
Public Meeting Minutes of October 11, 2011  
Public Meeting Minutes of October 19, 2011  
Public Meeting Minutes of October 28, 2011  
Minutes of Ratification Meeting of November 7, 2011  
Public Meeting Minutes of November 17, 2011  
Public Meeting Minutes of December 8, 2011  
Public Meeting Minutes of December 14, 2011  
Public Meeting Minutes of December 16, 2011  
Rate Hearing Minutes of December 2, 2011  
Public Meeting Minutes of December 29, 2011  
Public Meeting Minutes of January 20, 2012  
Public Meeting Minutes of January 31, 2012  
Public Meeting Minutes of February 7, 2012  
Public Meeting Minutes of February 22, 2012  
Public Meeting Minutes of March 1, 2012

**Executive Session Minutes:**

Executive Session Minutes of August 23, 2011  
Executive Session Minutes of September 27, 2011  
Executive Session Minutes of October 7, 2011  
Executive Session Minutes of October 19, 2011  
Executive Session Minutes of October 28, 2011  
Executive Session Minutes of September 16, 2011  
Executive Session Minutes of October 11, 2011  
Executive Session Minutes of November 7, 2011  
Executive Session Minutes of November 17, 2011  
Executive Session Minutes of December 8, 2011  
Executive Session Minutes of December 14, 2011  
Executive Session Minutes of December 16, 2011  
Executive Session Minutes of December 29, 2011  
Executive Session Minutes of January 20, 2012  
Executive Session Minutes of February 7, 2012  
Executive Session Minutes of February 2, 2012  
Executive Session Minutes of March 1, 2012  
Reimbursement to Director, Scott Robbins for mileage to board meetings and check signing in the amount of \$98.79.  
Reimbursement to District Manager, Bob Busch for mileage to attend Records Management Training Class Sponsored by the Ariz. State Library and Archives, Dept of State, in Sedona, in the amount of \$67.71

Bob Hilb stated that Brian Ray had mentioned a few typographical errors on a couple of minutes/dates before he left the Board Meeting. Mr. Hilb asked Counsel Whittington if the Board could proceed in approving these minutes or if they would have to wait for Mr. Ray to be present. After receiving some some options, Mr. Hilb stated that he would move to approve the minutes as they were and revisit if it became necessary. Bob Hilb made a motion to approve the Consent Agenda. Scott Robbins seconded the motion and the following discussion ensued:

- **Dayne Taylor** asked if the Board was going to tentatively approve these minutes knowing there are typographical errors in them. *Mr. Hilb then stated that they would approve them by Consensus.* Mr. Taylor needed clarification on what minutes were already approved according to the website. *Mr. Hilb then stated that the only ones that have been approved were the ones under Agenda Item 7. Mr. Hilb also stated that the Board would get to that Agenda Item shortly and would elaborate then. Mr. Hilb stated that nothing in Item Number 6 had been approved. Nothing from August 23<sup>rd</sup> on have been approved. Mr. Robbins also stated that everything on the website (after that date) was still in Draft form. After a brief discussion and some clarification that the dates known to contain typographical errors were December 14, 2012 and March 1, 2012, Mr. Hilb proceeded to modify his motion.*

Bob Hilb made a motion to accept the Consent Agenda with the exception of December 14, 2012 and March 1, 2012 Public Session Minutes. Scott Robbins seconded the motion and the motion passed unanimously without discussion.

Bob Hilb made a motion to modify and approve the minutes of December 14, 2012 to have the word “Water” removed from the Inscription Canyon Ranch Sanitary Water District. Scott Robbins seconded the motion and it passed unanimously without discussion.

Bob Hilb made a motion to modify and approve the minutes of March 1, 2012 under Agenda Item 4B to read “there is no money owed from the Preserve to the District”. Mr. Hilb went on to say that during the March 1<sup>st</sup> meeting, he made a mistake in responding to a question by Mr. Taylor. He stated that when discussing the Preserve and the Pivotal agreement in 2001/2002 he answered Mr. Taylor incorrectly. He went on to say that the March 1<sup>st</sup> Minutes would not change but that the Minutes of today’s meeting would reflect those mistakes being corrected. The Preserve did not actually sign the Pivotal agreement but was subject to certain provisions of it at the time of purchase from Talking Rock. Talking Rock filed a document stating that the purchaser (The Preserve) would be subject to provisions of the Santec Agreement. Because the Preserve was part of the original development planned by Harvard, it was subject to part of that Development Agreement. Those were the two mistakes Mr. Hilb made in his response to Dayne Taylor.

Mr. Hilb restated his motion to approve the minutes of March 1, 2012 with the corrections made in saying “there is no money owed from the Preserve to the District”. Scott Robbins seconded the motion, the motion passed unanimously without discussion.

Mr. Hilb asked Counsel if the two items in the Consent Agenda were covered being that they were not considered “minutes”. Counsel Whittington stated that whatever was in his Consent Agenda was covered by that motion.

## **6. APPROVAL OF REVISED/REFORMATTED EXECUTIVE SESSION MINUTES OF THE FOLLOWING SESSIONS:**

Revised/Reformatted Executive Session Minutes of June 8, 2011  
Revised/Reformatted Executive Session Minutes of June 9, 2011  
Revised/Reformatted Executive Session Minutes of June 23, 2011  
Revised/Reformatted Executive Session Minutes of July 12, 2011  
Revised/Reformatted Executive Session Minutes of August 1, 2012  
Revised/Reformatted Executive Session Minutes of August 12, 2011  
Revised/Reformatted Executive Session Minutes of August 19, 2011

After stating that Counsel had reviewed the Districts Executive Session minutes and brought to the attention of the Board some minor formatting issues, Bob Hilb made a motion to approve the Revised/Reformatted Executive Session minutes from June 8, 2012 to August 19, 2012 and have them replaced with these. The motion was seconded by Scott Robbins and the following discussion ensued:

- **Dayne Taylor** wanted to know if this was a re-ratification of these minutes. *Mr. Hilb stated that this was a re-approval of the minutes. Mr. Hilb stated that some were ratified and some of them were approved. Mr. Hilb stated that these minutes have been previously approved. He clarified by stating that as previously mentioned these minutes had formatting changes. Mr. Taylor asked Mr. Hilb if he was stating that this was not a re-ratification of these minutes. With the concurrence of Counsel, Mr. Hilb stated that this was correct.*

The motion passed unanimously after the discussion.

## **7. REPORTS**

### **Financial Reports**

*Mr. Hilb indicated that the Board Members had received the financial reports via email, and that unless there were significant items in January and February, that Mr. Eldredge focus on the quarterly March Report. After providing the Board Members with the Income Statements, Balance Sheets and Budget Reports, Bruce Eldredge went through the March financials for the District line by line and explained the amounts and their values. After each section, he paused and asked the Board Members and the audience if there were any questions. Mr. Eldredge stated that everything customary and that nothing was out of the ordinary. These were the questions asked intermittently throughout the report:*

- Bob Hilb had a question regarding where the \$52,000 for effluent sales are shown in the report. Mr. Eldredge explained that the audited financial report produced by Alyx Cohan had included some of the effluent fees in accounts receivable for fiscal 2010-11 (since it was not received), and there is also a receivable amount in 2011-12. The first payment was booked against the receivables and a portion of the second payment will also go

against receivables, with a portion going into revenue for the year. The accounting entries will show up in the April financials. Mr. Busch indicated that it would likely not show up until May when the check is deposited.

- Bob Busch had a question regarding the effluent amount billed to Talking Rock for the March effluent. *Mr. Eldredge reported that the amount in question would be posted in April.*

### **Manager's Report**

Bob Busch reported on the following items:

#### **Discussion of Plant Operations**

- **Flushing status.** Mr. Busch reported that the Operator has completed initial flushing in Talking Rock and Whispering Canyon subdivision is scheduled next.

- **Inspection by Az. Dept of Health**

Mr. Busch stated that the Arizona Department of Health performed an onsite inspection and review of the process for conducting PH tests. Onsite tests are made daily and samples sent to the lab also include a PH test. We have been recording the Lab PH test results in quarterly reports to ADEQ. According to Az Dept. of Health, PH sample shelf life is only 15 minutes, so field test results should be reported. They reviewed the process and instrumentation required for the tests and required a response that we are now complying.

**Repair of damaged line.** Mr. Busch stated that there was a line damaged out at the Talking Rock Ranch subdivision on April 10, 2012 that had to be repaired at the cost of approximately \$2003.75 on April 12, 2012. It was apparently caused by a vendor working on a landscaping project by driving over the line, crushing the line near the valve.

**Complaint follow-up by ADEQ.** Mr. Busch reported that of Mr. Greg Fritsch of ADEQ contacted him regarding a complaint about a spill at the plant. Mr. Busch told him that there weren't any spills. Mr. Busch also told him that the only complaint the District received was from a meeting in January about spills that reportedly occurred in December. He went on to say that the allegation was investigated and determined to be unfounded. Mr. Fritsch asked who the operator was and when told that it was Pat Carpenter, he went on to tell Mr. Busch that he (Mr. Fritsch) knew Mr. Carpenter and that Mr. Carpenter knows what he is doing. Mr. Fritsch then said part of the complaint was that the plant was operating over capacity, and that he (Mr. Fritsch) had looked into the matter and that the complaint was unfounded. He indicated that he would talk to Mr. Carpenter about the spill allegation, as that was his job. Mr. Busch reported that he later received a call from Mr. Carpenter, confirming a call from Mr. Fritsch and stating he had invited ADEQ to make an onsite inspection. Mr. Fritsch indicated no inspection would be made at this time.

#### **Discussion of Collection of Past Due User Fees**

- **Status of delinquent bill collections and process/procedure for future collection plans following District guidelines:** Mr. Busch stated that presently there are forty one unpaid accounts in the District, totaling approximately \$2,200. Twenty one of those owe less than \$10. Of the forty one accounts, 14 owe more than \$100. Bob Busch stated that the District is at the point in the collection process of sending out preliminary lien notices. He went on to state that the customer has an option to appeal

the bill at a hearing.. The approximate cost of going through the process of collecting these fees is \$1000. He provided Board Members with a copy of the Collection Timeline.

- **Conduct of Hearings on disputed bills:** Mr. Busch stated that he expected to get a number of requests from the customers to have their cases heard at a hearing. He requested that one of the Board Members volunteer to be on a panel along with himself and Kim Eldredge of MDI Financial Inc. to hear these cases. Mr. Robbins stated that perhaps if the general public knew what it was costing to have the District go after delinquent accounts it would hold some bearing.
  - **Jimmy Stoner** wanted to know if this collection process was posted on the website. *Mr. Busch stated that it wasn't on the website.* Mr. Stoner stated that perhaps if it was posted on the website and they saw the cost and effort it took to collect those monies; it would encourage those people to pay their \$10. *Mr. Hilb asked if Mr. Busch had any objections to having this process posted on the website. Mr. Busch stated that he had none and that he received the final version of the collection timeline yesterday.*

#### **Discussion of Status of Development Agreement and Settlement Agreement items to be completed.**

- **Payments due from TRR/WC:** Bob Busch stated that those payments have been received and they both total \$100,000. *(Note: This amount is incorrect. The first payment was for \$52,000 received in December 2011, and \$56,000 received late in April 2012)*
- **Assignment of WAPA License Agreement:** Bob Busch stated that it has been received and allows for access, maintenance & repair of District facilities in the power line easement.
- **Effluent Billing:** Mr. Busch stated that monthly billing for effluent began in April. Payment for the April billing has been received.
- **Schedule for Budget Hearing & Meetings:** Mr. Busch stated that the time to have the budget certified by Yavapai County was in July. He also stated that the District would have to have the Budget Hearing meeting 30 days prior to that meeting. Mr. Busch went on to state that he had 90% of the budget complete. He only needed to contact the County to see which format they wanted that in.
- **Return of Retainer paid to Constance Pinney:** Mr. Busch stated that this has been received and has been deposited.
- **Report from Granite Basin Engineering- Davin Benner:** Mr. Busch stated that Mr. Benner was present and would speak on this matter.
  - **Dayne Taylor** asked Mr. Busch what the status of measurement of effluent was. He was concerned about the accuracy of the measurement of effluent. *Bob Busch stated that the effluent was measured at the Outflow meter and was measured every day.* Mr. Taylor wanted to know when that meter has been validated as accurate. *Bob Busch stated that to his knowledge, it has not been calibrated since it was put in two years ago. Bob Hilb stated that the meter in question was measured against a second meter on that line periodically. He stated that if the meters were off by a significant amount the meters would be*

*re-calibrated. Mr. Robbins stated that there has never been a significant amount of difference between the two.*

### **Report from Granite Basin Engineering- Davin Benner:**

- **Task 1. Approval to Operate documentation for Whispering Canyon and Talking Rock:** *Mr. Benner stated that approvals to operate have been obtained and are referenced and linked to the report..*
- **Task 2. Permits, inspections and tests required for Approval to Operate:** *Mr. Benner stated that this item was complete and was part of the Approval to Operate along with the Approval to Construct.*
- **Task 3. Review of previous reports and evaluations:**
  - Talking Rock Ranch:**

**Replace generator to 50kW at main lift station.** *Mr. Benner stated that his firm was still waiting on shop drawings from Talking Rock Ranch and that once he had them he'd be able to give more detail on the specifics of the generator.*
  - Whispering Canyon:**

**Manholes: Agree to raise 3 manholes on main gravity line to prevent water infiltration.** *Mr. Benner stated that there were no specific manholes mentioned in the Development Agreement. His firm conducted an evaluation and it was not his recommendation to have these manholes raised. He stated that there were products on the market that would solve the problem. Mr. Hilb asked Mr. Benner if Whispering Canyon agreed to this. Mr. Benner stated that they did. Mr. Hilb then instructed Mr. Busch to follow up with a letter to Whispering Canyon documenting their agreement. He also stated that he have Counsel review it and put it on the agenda t for approval before the Board. Mr. Busch stated that he was concerned about the legality of the issue of the manhole inserts because it was part of the Develoment Agreement.*

**Lots 145-156, 163 & 164 individual onsite pumps undersized:** *Mr. Benner stated that these pumps would not have issues pumping the Average Daily Flow. He also recommended that Barnes Pump Systems review the design to verify that it conforms to manufacturer's recommendations. Bob Hilb asked Mr. Benner who would make the call to Barnes Pump Systems. Mr. Benner stated that he could do it if the District wanted him to.*
- **Task 4. Inspect lift stations and WWTP:** *Mr. Benner stated that he inspected all four lift stations and WWTP with Pat Carpenter on March 27, 2012. Overall, the lift stations and WWTP appear to be in good working condition. Mr. Benner stated that his firm provided photos, recommendations and notes about some of the things they found in during the inspections. He stated that nothing beyond normal wear and tear of the system was found in inspection of the collection system. He stated that the treatment plant was working well and was at about 56% capacity. Mr. Benner also stated that the lift station for TRR phases 9 and 10 have only a couple of homes connected so the pump cycle was pretty infrequent and it was his recommendation that it get t flushed more regularly so that they would not go septic.*
- **Task 5. Consult with System Operator:** *Mr. Benner stated that he met with Pat Carpenter regarding this issue and that there are no major issues at the moment. He also stated that it doesn't appear to be any Operating and Maintenance Manuals*

available for the lift stations. He recommended that the District those and keep them in the District Office for future reference. It may be necessary for the District and the System Operator to update these manuals based on current operating and maintenance activities. Mr. Hilb asked if he expected the District to have any problems obtaining these items. Mr. Benner said that he didn't expect any problems but that it may be a time issue. He also stated that the District should have a digital database with this information in PDF format for future reference.

- **Task 6. Report Deficiencies:** Overall, Mr. Benner stated that the sewer collection system and treatment system infrastructure appear to be in good working condition. Mr. Benner stated that it was his understanding that the necessary easement in Talking Rock along the effluent force main will be dedicated through the undeveloped section of TRR, if necessary, when the property is developed through the subdivision process. The District has access to maintain all portions of the collection system except for that one section. Bob Hilb stated that the Development Agreement states that an easement will be dedicated in the future.
- **Conclusions:** It was Mr. Benner's recommendation that the District should attempt to obtain the Operating & Maintenance manuals for the lift stations and Design Reports and keep them in the District Office for future reference. It may be necessary for the District and the System Operator to update these manuals based on current operating & maintenance activities. He stressed the importance of being able to pinpoint issues should they occur with ease and precision instead of having to speculate on such a large system. Mr. Robbins agreed with the digital package of all the necessary documents. Mr. Hilb asked if digital maps and documents were available.. Mr. Benner stated that they should do it to PDF and perhaps attach hot links for ease.
  - **Dayne Taylor** stated that there was a data base of maps at the District office from Civil Tech of all the lines that were approved by the County. Mr. Benner clarified and stated that they had a map of all the lines and manholes. He stated that what they don't have is detailed information about what kind of line, ie low pressure or gravity. Mr. Hilb stated that the District take a look at what they have from Civil Tech.
  - **Chris Stoner** asked Mr. Benner, since he was familiar with the plans, why the plant smells. Mr. Benner stated that Pat Carpenter had mentioned that the odor control unit was undersized. Mr. Hilb then stated that this issue had been addressed at a previous meeting and they were looking into upgrading that unit. Mrs. Stoner stated that she wasn't at the previous meeting and didn't know it was already addressed.. Mrs. Stoner asked why the lids kept jumping up. Mr. Benner gave a brief explanation as to why that might occur. He stated that they were in the process of identifying needed upgrades.
  - **Bob Busch** asked Mr. Benner how he should go about getting the pump sizes from Barnes Pump Systems. Mr. Benner stated that he would contact the company again on the District's behalf. Mr. Benner stated that there are different types of pumps in the District. There are low pressure and STEP system units in the District. He also went on to state that if it is not noted on the Plat, without the Design Reports there was just no way of knowing what types of pump systems to put on a particular lot. Mr. Benner stated that the

*District needed to be able to tell people about the unit they need to install. Bob Hilb then asked for confirmation about whether the Developer would be able to provide those reports. Mr. Benner confirmed that for Mr. Hilb. He indicated that the Design Reports indicate a group of lots, ie TRR phase 9 &10, and identify what type of pump should be installed. Mr. Busch asked Mr. Benner what the owners of the lots having to install bigger pumps should do. Again, Mr. Benner stated that they should ask Barnes Pump Systems to review the design to verify that it conforms to manufacturer's recommendations and if they did, then that would satisfy him. Bob Hilb asked who would call Barnes Pump Services. Mr. Benner stated that he would contact Barnes.. Mr. Hilb then instructed Mr. Busch to contact Whispering Canyon and Talking Rock Ranch and request that they each provide Operating and Maintenance Manuals, Design Reports as well as Plans.*

- **Dayne Taylor** wanted to thank Mr. Benner for bringing attention to the Capacity Assurance Forms because he stated that it has been troubled by it for more than six years because the forms as submitted have not been complied with. He thanked him especially for bringing it to the attention of the present Board. *Mr. Hilb stated that Capacity Assurance Forms were based measured flows. Mr. Benner agreed with Mr. Hilb. He went on to indicate that capacity is based on operational flow. Design flow is not considered. Mr. Hilb suggested that the issue of capacity be held for future discussion of upgrades. Mr. Benner agreed with Mr. Hilb that this issue would have to wait for a future expansion. Mr. Hilb asked if there were anything in his report exclude the District from signing the Bill of Sale for the plant. Mr. Benner indicated that there was not. The plant seems to be operating well and in good working order.*
- **Jimmy Stoner** wanted to know if the Board was going to accept the Waste Water Treatment facility. *Mr. Hilb stated that that was correct. Mr. Stoner asked about the Odor Control Unit. Mr. Hilb stated that it was the District's responsibility because the plant was built to specifications. He went on to say that if a mistake was made in those specifications and their approval, the upgrades would fall on the District. Mr. Stoner then asked if the District had the option for independent review of the plans or the option to negotiate. Mr. Hilb stated that it had already been done and that there was nothing identified in the process that was not part of the original agreement. He stated all these issues were a part of the negotiations and that it was now past the time that the District could do anything about it, except in future upgrades.. Mr. Robbins stated that there had been a few things that had been looked at that needed to be improved and the District will receive(up to) \$150,000 as part of the Development Agreement for those items. .*
- **Dayne Taylor** wanted to state that for the record Yavapai County had nothing to do with the acceptance and design of that plant. Mr. Taylor wanted it clarified that Yavapai County's role was not to approve the design of that facility. He also stated that the Odor Control Unit was put in mid term while the plant was on line. Mr. Taylor stated that it was not part of the

original design. He also encouraged the Board Members to go through the receipts of the Santec System regarding its installation. *Mr. Hilb asked if it was Mr. Taylor's statement today that the District asked for that unit to be put on after the plant was built.* Mr. Taylor stated that it was his recollection, and according to previous meeting minutes, that Harvard agreed to install it.. *Mr. Benner stated that the County approves all collections and infrastructure. The State approves all treatment plants.*

## 8. OLD BUSINESS

**Future meeting time.** There is no date as of yet. He suggested that a meeting be planned for two months out, and if approvals are needed earlier, we will schedule one. We should schedule a meeting late in June. We will likely need a meeting early in June to review a budget. Mr. Busch indicated that a Budget Hearing should be conducted in mid to late June. Mr. Hilb requested Mr. Busch set a pre budget hearing meeting in early June and a Budget Hearing in late June. Mr. Hilb confirmed that the meetings will take place at the Days Inn in Chino Valley.

## 9. NEW BUSINESS

**A. Bob Hilb** made a motion to Approve of Financial Reports for:

January 2012

February 2012

March 2012

Scott Robbins seconded the motion and the following discussion ensued:

- **Jimmy Stoner** asked about the quarterly reports. *Mr. Hilb stated that March was the quarterly report.* Mr. Stoner asked if it would be posted on the website. *Mr. Hilb stated that it would be posted after it was approved.*

The motion passed unanimously.

**B. Bob Hilb made a motion** to approve the Renumbering of Resolution 2012-2 adopted March 1, 2012 approving execution of the Amended and Restated Development Agreement as Resolution 2012-3, since there already having been an adopted Resolution 2012-2 on January 20, 2012 adopting the Schedule of District Fees in lieu of Resolution 2011-4.

Scott Robbins seconded the motion and the following discussion ensued:

- **Bob Busch** wanted clarification as to whether or not the numbers would be changed and not the entire document reapproved. He had a draft Resolution 2012-3 attaching the earlier signed Resolution 2012-2. Mr. Whittington indicated the change could be made either way, with a motion or a resolution. *Mr. Hilb stated that he would let his motion stand.*

The motion passed unanimously.

**C. Bob Hilb made a motion** to Adopt Resolution 2012-4 approving and authorizing execution of the Bill of Sale for the Wastewater Treatment Plant as referenced in the Revised and Restated Development Agreement

- **Jimmy Stoner** wanted some clarification on the topic of the Odor Control unit before a motion is made. *Mr. Hilb stated that this was already discussed at two previous meetings and has been satisfied as far as he was concerned.*

**Mr. Hilb** made note of the way the actual Resolution document was written, finished reading it and then amended his motion to accept the Resolution with the following changes: That Brian Ray be taken off of the document as he was not present. He also asked that the highlighted area be struck from the document as shown below.

I.C.R. SANITARY DISTRICT  
RESOLUTION 2012- 4

**BILL OF SALE – SANTEC WASTEWATER TREATMENT PLANT**

WHEREAS, on May 1, 2012 the Governing Board of the Inscription Canyon Ranch Sanitary District (the "Governing Board") met in special session at 9 a.m. at the Days Inn Conference Room 1, 688 Fletcher Court, Chino Valley, AZ 86323 with the follow Directors present:

Bob Hilb  
Brian Ray  
Scott Robbins

WHEREAS, the AMENDED AND RESTATED DEVELOPMENT AGREEMENT approved by the Governing Board on March 1, 2012, provides for the acceptance of the existing Santec Plant, the Talking Rock infrastructure, on-site and off-site and confirmation of the acceptance of the Whispering Canyon infrastructure pursuant to the terms and conditions set forth in the Agreement and

WHEREAS the attached Bill of Sale is substantively the same as Exhibit E to the Amended and Restated Development Agreement,

THEREFORE, BE IT RESOLVED by the Governing Board of the I.C.R. Sanitary District, Yavapai County, Arizona, that the Bill of Sale for the Santec Plant, together with the Description of Property and Facilities attached hereto is approved and the Board is authorized to execute the Bill of Sale. The motion authorizing this resolution was adopted unanimously at the Board meeting on May 1, 2012.

I.C.R. SANITARY DISTRICT, a political subdivision of the State of Arizona.

ATTEST:

BY:

\_\_\_\_\_  
Isabel Yribe, District Clerk

Scott Robbins seconded the motion and the following discussion ensued:

- **Dayne Taylor** wanted to know the value of the Santec Plant. *Bob Hilb stated that it was approximately \$700,000. Bob Busch indicated that the stated value is \$790,999.27.*

The motion passed unanimously.

**D. Discussion and possible approval of a new POLICIES, PROCEDURES, RULES, AND REGULATIONS OF THE ICR SANITARY DISTRICT as more appropriate than a new or modified District Ordinance and possible cancellation of Ordinance 2008-1.**

- **Dayne Taylor** wants to provide the Board Members with the Approved minutes of 2/14/08 to dispute the allegations that the previous Ordinance not being properly adopted. *Mr. Hilb stated that this was not the reason it was illegal. Mr. Hilb stated that other factors contributed to this being deemed potentially illegal and that it has been thoroughly discussed and is no longer open for debate. This agenda item is only about the document to replace the Ordinance, not about its legality. Mr. Hilb stated the Boards position on the matter adamantly and Mr. Taylor left his copy of the 2/14/08 minutes. Bob Busch also stated that to date, no comments have been received from the public although they have been posted on the website for 1 1/2 months. He said he received comments from Mr. Hilb and an indication that it has been read by Counsel. Mr. Whittington stated he was waiting for instructions from the District concerning his review for comments.*

Bob Hilb stated for the record that the Board was moving forward as this item has been open for comment and input for about a month and a half with no response except for his

comments, and Counsel Whittington's comments. Bob Busch also stated that he wanted to incorporate some changes to include the Collection Process as well as the District's email policies. Mr. Hilb asked that the Communication Policy discussed earlier also be included.

Bob Hilb made a motion that Counsel Whittington modifies the Policies and Procedures with the updates previously mentioned. Scott Robbins seconded the motion and the following discussion ensued:

- **Jimmy Stoner** wanted to know why Charles O'Brien's comments were not considered valid. *Mr. Hilb and Mr. Robbins both stated that Mr. O'Brien's comments were not to modify or comment about the document's contents but more about how the document came into existence. Mr. O'Brien wanted to know who the scribe of the document was. Mr. Hilb stated that there has been a response directly to Mr. O'Brien.*
- **Dick Tracey** stated that the reason he thinks the District got no response to the Policies and Procedures document is because the District sent it out and the public planned to attend the meeting that was then cancelled. *Mr. Hilb asked that Mr. Tracey re-read what was posted on the website as that was not the case. Mr. Hilb went on to state that the time for public comment had actually been extended. Mr. Robbins agreed.* Mr. Tracey stated that the perhaps the word "postponed" was actually meant to be "cancelled" *Mr. Hilb stated that this was not the case. Mr. Hilb indicated that the draft was posted on the website with a deadline for comments based on a meeting date that was then changed. The deadline was changed to indicate the date of the new meeting and the extended date for comments.*
- **Dayne Taylor** wanted to know if the meeting was being rescheduled for today. *Again Mr. Hilb explained that the meeting had been scheduled for April 12<sup>th</sup> but was moved to today but the date for public comment was actually extended and nobody submitted any comments, except the comments made by Counsel Whittington, Bob Hilb and Bob Busch. Mr. Robbins stated that there was a lot of rhetoric on the internet about the Board and the District, but never any public comment on the document.* **Dayne Taylor** stated that today's meeting was supposed to be for the purpose of public comment on this issue before it was voted on. *Mr. Robbins clarified that the issue was not being voted on for approval, but for Counsel to look at it for review and make modifications.* Mr. Taylor asked if the window for making comments had passed. He was looking forward to a meeting as stated on the website specifically for the review.. *Bob again clarified that the meeting that was scheduled for April 12,2012 was postponed and so they were discussing it today as it was stated on the website.*
- **Chris Stoner** expressed her concerns regarding the confusion over this meeting. She stated that when the Board put out the agenda it had other things on it, and it wasn't clear enough. *Mr. Robbins stated that he was looking at the agenda at this exact moment and had no issues understanding it.*

The motion passed unanimously after the discussion.

## 10. ADJOURNMENT.

Therefore the meeting was adjourned at 1:10 p.m.

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Date

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Board Clerk