

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

PUBLIC SESSION

~MINUTES~

Approved February 5, 2013

January 8, 2013

Date: Tuesday January 8, 2013

Time: 9:30 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 9:30 a.m.

2. ROLL CALL.

Present were Bob Hilb, Chairman; Scott Robbins, Board Member, Brian Ray, Board Member; Bill Whittington, Counsel; Bob Busch, District Manager; Isabel Yribe, District Clerk and the following audience members.

Eileen McGowan

John Freeman

Harvey Roberts

Jim Carlin

Jimmy Stoner

Chris Stoner

Charles O'Brien

Robert Cella

3. CALL TO THE PUBLIC

- **Eileen McGowan** stated her concerns regarding the meeting time. She stated that this meeting time conflicted with the Architectural Review Committee meetings. She asked that the Board not hold its meetings on the 2nd and 4th Tuesdays of the month as it has more flexibility. She stated that she had to cancel that meeting to attend this one. Ms. McGowan also stated that as of yet Mr. Ray or Mr. Robbins have not stepped in to be the Chairman as previously agreed to. *Mr. Hilb stated that both these items were on the agenda and would be discussed at that time.* Ms. McGowan asked if the public would be allowed to respond at that time. *Mr. Hilb stated that as stated before, no comments would be allowed from the floor.*
- **Charles O'Brien** stated that he continued to take exception to the adoption of the Policies, Procedures and Rules.
- **Harvey Roberts** asked that the Call to the Public be placed at the end of the meeting instead of at the beginning so that the public might respond to what decisions the Board has made. Also, Mr. Roberts asked if the District Bylaws were posted on the District Website. *Mr. Busch stated that they were not posted as they were not finalized.* *Mr. Hilb stated that this item would later be discussed as it was an agenda item.*

- **Jimmy Stoner** read his written questions to the Board and its audience. Mr. Stoner stated that they were all agenda items and didn't expect them to be answered at this time. The questions/comments are as follows:
 - **7. Old Business A. Missing and unaccounted for records.** You have dropped "missing property". After 1 ½ years have you finally concluded this allegation was false? Questions were directed to the Board at the 10/29/12 Board Meeting which were to be answered during the Old Business Agenda Item. The questions were ignored and I was refused the opportunity to raise the question at that time. I expect them to be answered today.
 - **C. Approval of RFQ.** Define the acronym RFQ? When was the review opportunity and discussion for the District? How can you approve it without public discussion of each option and disclosure of the amounts of public monies they plan to expend? Where is the requisite contractor qualifications for submitting a proposal documented?
 - **D. Complaint... Office of AG.** Has the District fulfilled the document and data requested requirements of the AG inquiry, or further delay been requested?
 - **8. New Business D. Possible changes to Bylaws.** The November 4 version of the October 29, 2012 meeting minutes identified and approved 3 changes. These approved changes have never been published nor the new proposed changes referenced in this agenda item. When will they be disclosed to the public for review prior to approval and incorporation? Why isn't the latest version with the October 29, 2012 approved changes posted on the Website?
 - **E. Consideration of approval... Whispering Canyon.** How can the capacity assurance forms be obtained for public review? Where is this excess plant capacity coming from to serve these new flows? When is the new flow demand from WC expected and when is the plant capacity coming on-line to meet the Title 18, Chapter 9 capacity requirements? Do you anticipate holding a separate Public Meeting to discuss this matter?

Mr. Hilb stated that these were all agenda items and would be discussed during the appropriate times later in the meeting.

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 and documents, 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.
 - C. Possible changes and additions to ICRSD Bylaws, Rules, and Policies, Article II, Section 4 and new section 28; Article III, new Sections A7-A9 and Sections B9 and B10..

- D. Resolution 2013-1 Acceptance of Whispering Canyon, Onsite and Other Related Wastewater Facilities and approval of Bill of Sale in the amount of \$1,181,001.43 for infrastructure in Whispering Canyon, Phase 1 through 4.
- E. Complaint against the District Board Members for Open Meeting Law violation(s) filed with the Office of Attorney General.
- F. Rates and Fees to be charged by the District
- G Approval of Sewer Service Agreements and Capacity Assurance Certificates for Whispering Canyon Phases 5-7.

During the Executive Session, the public will be asked to leave the Board meeting room until the general session is re-convened

Scott Robbins seconded the motion and the motion passed unanimously without discussion.

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Executive session began at approximately 9:40 a.m.

5. RECONVENE INTO PUBLIC SESSION at approximately 11:50 a.m.

6. REPORTS

- Report from Alyx Cohan, CPA, regarding annual financial report to Yavapai County. Alyx Cohan reported to the board the new GAO Standard Requirements of someone on the Board or one of its delegates to have Skills, Knowledge, and Experience with financial reports. *Counsel for the District Bill Whittington asked Ms. Cohan if the District was in compliance. Ms. Cohan asked the District Manager several questions regarding his experience and level of knowledge to Financials. It was Ms. Cohan's opinion that Mr. Busch had the qualifications to be the person responsible for the financial documents that she was required to audit. She stated that if there was no specific person, in essence she would be auditing her own work. She also stated that she was letting the Board know so that potential future Boards were aware of the requirements as well. Mr. Hilb asked about the deadline to turn in the required documents to her for filing to Yavapai County. Ms. Cohan stated that it was her understanding that it was due by March 15, 2013. Mr. Hilb asked if it could be approved today for review and Ms. Cohan stated that it could be with the changes submitted by the Board to the language in the document. Bob Busch stated that Ms. Cohan had undertaken a bigger responsibility than first thought because of adjustments required due to the financial considerations in the Development Agreement and that was the reason it has taken so long . Ms. Cohan also stated that the Impairment to the Old Plant had to be captured on her report. She asked several questions regarding the use/ potential future use of the old plant. It was her opinion that this needed to be further reviewed. Bob Busch and Bob Hilb stated that approval of the financial report should be deferred and the matter of the plant impairment looked into further. Ms. Cohan stated that she would do so and contact the District with her findings.*

- **Bill Weber Insurance Report**

Mr. Weber gave a progress report regarding the Districts Insurance Policy. Mr. Weber stated that American Alternative Insurance Corporation would not be renewing the Districts coverage at this time due to the Adverse Loss Experience Severity. He also stated that he has applied for coverage with several companies but to date, all have declined. It was Mr. Weber's opinion that the District would have to pay a very high price this year for coverage because the payout on the claim of their previous coverage was still very fresh on the record. Mr. Weber stated that ACE Insurance has quoted a price for coverage. Essentially the District's premiums would jump from approximately \$700 to approximately \$13,000. He also went to state that it was highly unlikely that the District would have "Umbrella" coverage as it did in the past. Mr. Weber stated that he would continue to shop around and ask for "Umbrella" coverage anyways, just in case. He did state though, that it would more than likely be a higher premium for less coverage. Mr. Weber also stated that the deadline to acquire coverage was February 7, 2013. He asked the Board that they empower someone he could bring the proposal to and make a decision to acquire coverage. *Mr. Hilb asked Mr. Weber to continue to shop for coverage and keep in contact with Mr. Busch.*

- **Davin Benner** of Granite Basin Engineering, Inc.

Mr. Benner gave the Board and its audience a brief update on the status of the investigation regarding pump sizing in Whispering Canyon (criterion for acceptance of Whispering Canyon infrastructure) and the status of preparation of RFQ for wastewater treatment plant upgrades and modifications (as set forth in the Amended and Restated Development Agreement). Mr. Benner stated that he would begin to advertise Regional companies and solicit bids for the job of expanding the Plant. *Scott Robbins asked several questions as to how Mr. Benner would advertise those solicitations of bids.* Mr. Benner stated that he would consider advertising in the Phoenix area Industry magazines and the like. *Mr. Robbins suggested trying to advertise in Plan Rooms.* Mr. Benner agreed. Mr. Benner stated that there would be a mandatory pre-proposal meeting at the job site. He suggested a date and time prior to the RFQ deadline. He also recommended that the Board prepare to elect a selection committee by the next meeting. *Mr. Hilb stated that the District and Mr. Benner would need the parameters from ADEQ before a selection committee was chosen.*

- **Manager Report.** Bob Busch reported on the following agenda items.

- Status of requests to review public records *Mr. Busch stated that there was still one outstanding records request by Mr. Charles O'Brien. Mr. Busch stated that Mr. O'Brien was to schedule an appointment to review what he hadn't yet reviewed. As of yet, Mr. O'Brien has not called to set that appointment.*
- Report on District Operations: WWTP Flows & performance; flushing & odor control. *Average Daily flow was as follows: October 35,510 gallons per day, November 37, 030 gallons per day and December 37,189 gallons per day. Mr. Busch also stated that there were two line breaks. One at the Three Sisters in*

Talking Rock Ranch and one at Box Canyon at Inscription Canyon Ranch. Both lines were repaired. The cost to repair the Three Sisters line was approximately \$3,832.35. The cost to repair the Box Canyon line was approximately \$500. Mr. Busch stated that the Plant Operator would begin flushing for the year in March. He also stated that there was a Methanol Pump failure that cost approximately \$517 to repair. Mr. Busch also stated that there were no ADEQ violations in this report. The Plant continues to work well.

- *Status of collection activity for unpaid user fees, late fees and interest. Mr. Busch stated that one lien was released and that the other outstanding balance for \$5.00 was collected. Mr. Busch stated that these were the last two of the lingering accounts.*
 - *Closure of Escrow Account and transfer of funds. Mr. Busch stated that one CD maturing in December has been transferred to the District account with the County. Mr. Busch also stated that the final payment from Pivotal in excess of \$110K was deposited into the account with the County. Mr. Busch stated that the District received several payments on the Deeds of Trust and is awaiting confirmation from the Escrow Company. Once that occurs and the transfers have been made, that account can be closed.*
 - *Document additions to Website Mr. Busch stated that he has added several documents to the District Website.*
 - *Review of District Records Mr. Busch stated that he discovered approximately 20 cassette tapes of recordings of public meetings dated from 2005 to 2007 for which there are no hard copies of minutes in District files.. He stated that tapes are not considered permanent records. Mr. Busch stated that at some point the District would have to convert those tapes to a permanent record and the the cost could be up to \$10,000.*
 - *Report on conversion of property, hookup & owner info to CORE software Mr. Busch stated that the conversion is almost complete. It should be final at the end of the week.*
- **Accountant Report** Bruce Eldredge *Mr. Eldredge was unavailable to report at this time.*

7. CONSENT AGENDA (Routine items that may be approved by one motion)

1. Minutes of prior meetings.
 - Public Meeting Minutes of October 29, 2012 (revised Nov 4, 2012)
 - Executive Session Minutes of October 29, 2012
2. Reimbursement to District Manager for \$85.64 for:
 - Publication of Notice in Prescott Courier for Rate Hearing (\$75.64)*
 - Filing of Lien Release for property on El Capitan Way (\$10.00)*
3. Payment of invoice from Stephen Norris, Inc., dba Norrco, for repairs to sanitary collection system on Three Sisters Drive (\$3,832.35)
4. Payment of invoice from Peshkin & Kotalik dated December 13, 2012 for services regarding dispute with America Alternative Ins. Corp. in the amount of \$14,033.96

5. Payment of statement 24426 from Boyle, Pecharich, Cline, Whittington & Stallings, PLLC, dated December 18, 2012 for legal services to the District in the amount of \$3,565.33

Bob Hilb made a motion to approve the Consent Agenda. Scott Robbins seconded the motion. The motion passed unanimously without discussion.

8. OLD BUSINESS - DISCUSSION & POSSIBLE ACTION RE;

- A. **Missing and unaccounted for records and documents, property of the District, that have not been produced by the previous District Board members.** *There is nothing to report at this time.*
- B. **Claims for reimbursement of attorney fees previously paid by the District.** *There is nothing to report at this time.*
- C. **Approval of an RFQ for obtaining quotes for upgrades and improvements to the wastewater treatment plant.** *Bob Hilb made a motion to authorize Davin Benner to obtain quotes as specified with the changes made in the language. Brian Ray seconded the motion. The motion passed unanimously without discussion.*

These are the changes to the language as discussed:

Under III. ADEQ Permitting This statement has been added to the end of the paragraph.

The District may appeal the need for this process. Candidates may propose alternatives to the use of significant amendments as described above if they feel they can be successful if getting approval with a lower cost process. This statement has been added to the end of the paragraph.

Under V. Scope of Services, this statement has been added.

Items 1 and 4 should be priced separately as options.

Further down under Scope of Services this italicized statement was added.

- 4.1 The successful candidate will be expected to adhere to the proposed schedule and costs outlined in their proposal as much as practical. *The District would prefer a fixed cost proposal but would accept other alternative. The District would also expect a penalty clause for schedule slippage.*
- D. **Complaint against the District Board Members for Open Meeting Law violation(s) filed with the Office of Attorney General.** *No action to be taken at this point. Scott Robbins stated that he would like a breakdown of the amount this has cost the District from Bob Busch. Mr. Busch stated that he would get that information for Mr. Robbins.*
- E. **Set time and place for next Public Meeting.** *Mr. Hilb stated that he'd like to add something to the agenda for the next Public Meeting. He directed Mr. Busch to add the legal obligation of how much consulting had to be done with the public as far as any action items. Mr. Hilb stated that the next meeting would be dependent on what Alyx Cohan and Mr. Weber reported back.*

- 9. NEW BUSINESS NEW BUSINESS - DISCUSSION & POSSIBLE ACTION RE;**
- A. Election of Officers in accordance with District Bylaws, Rules and Policies.** *Brian Ray nominated Bob Hilb as Chairman of the Board. Scott Robbins seconded the motion. The motion passed unanimously without discussion. Bob Hilb made a motion and nominates Scott Robbins as District Clerk. Brian Ray seconded the motion. The motion passed unanimously.*
 - B. Approval of Rates and Fees to be charged by the District.** *Bob Hilb stated that because of concerns raised during the Rate Hearing that the felt that the rates be reconsidered. He made a motion to remove this agenda item. Scott Robbins seconded the motion. The motion passed unanimously without discussion.*
 - C. Resolution 2013-1 Acceptance of Whispering Canyon, Onsite and Other Related Wastewater Facilities and approval of Bill of Sale in the amount of \$1,181,001.43, for infrastructure in Whispering Canyon, Phases 1 through 4.** *Bob Hilb made a motion to table this issue. Scott Robbins seconded the motion. The motion passed unanimously without discussion.*
 - D. Possible changes and additions to ICRSD Bylaws, Rules, and Policies, Article II, Section 4 and new section 28; Article III, new Sections A7-A9 and Sections B9 and B10.** *Bob Hilb instructed Bob Busch to get with Bruce Eldredge to come up with a new proposal on how to deal with the redirecting of funds within the budget. Mr. Hilb also asked that Mr. Busch call the parties affected advising why there would be a delay in payment.*
 - E. Consideration of Approval of Sewer Service Agreements and Capacity Assurance Certificates for Whispering Canyon Phases 5-7.** *This item will be deferred until the next meeting.*
 - F. Approval of Revised Certificates of Destruction previously approved on October 29, 2012.** *Bob Hilb made a motion to have the District Manager sign the revised Certificates of Destruction. Brian Ray seconded the motion. The motion passed unanimously without discussion.*
 - G. Approval of Financial Reports for October and November, 2012.** *This item has been deferred to a later time.*
 - H. Approval of Insurance Proposal presented by Insurance Agent, Bill Weber.** *Bob Hilb made a motion to authorize Scott Robbins to sign the binders acquiring insurance coverage for the District at a cost of \$10,805 with ACE Municipal Advantage Public Entity Liability and \$2,312 with Auto Owners Insurance unless a lower price comes in from Mr. Weber, no later than February 7, 2013 and if a lower price comes in, Bob Busch is notified and a meeting be held to review that proposal. Brian Ray seconded the motion. The motion passed unanimously.*
 - I. Approval of Financial Report for fiscal 2011-12 prepared by Alyx Cohan, CPA, for submittal to Yavapai County.** *Bob Hilb made a motion to approve the report with changes as specified and authorize Bob Busch to sign the letter by the date required by Yavapai County. The following discussion ensued: Mr. Hilb stated that if Ms. Cohan comes back with significant changes, there would still be time to come back to a meeting and confer. Mr. Whittington asked the recording clerk Isabel Yrube if she had the changes documented. Ms. Yrube stated that she did not. Mr. Whittington then stated that she had to have those or he would have to articulate them for the record. Mr. Whittington stated that more information would be needed before this*

could be approved. Mr. Hilb began to articulate the changes and ultimately withdrew his motion. There was another brief discussion regarding the Effluent Credits by Mr. Busch. He stated that documentation was needed in order to book the effluent credit at the amount agreed upon (about \$42,000) vs the “up to \$47,000 stated in the Development Agreement) Mr. Busch was instructed by Bob Hilb to get with Mr. Clint Poteet and get documentation regarding the discrepancy on Effluent Credits. This item has been deferred for the time being. The Board decided to tentatively meet on February 5th.

7. ADJOURNMENT

Therefore the meeting was adjourned at 1:45 p.m.

Date

Board Clerk