

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

**PUBLIC SESSION
~MINUTES~**

August 16, 2012

Revised 8/22/12 (clean)

Approved Oct 29, 2012

Date: Thursday August 16, 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 Bill Whittington, Counsel; Bob Busch, District Manager; Isabel Yribe, District Clerk and the following audience members.

Charles O'Brien
John Freeman
Jimmy Stoner
Clint Poteet
Marless Taylor
Jim Carlin

Chris Stoner
Susan O'Brien
Dayne Taylor
Bob Cella
Harvey Roberts

3. CALL TO THE PUBLIC

- **Harvey Roberts** had concerns about his name being accidentally left out of the Public Meeting Minutes for June 25, 2012. Mr. Roberts also had comments about June and July 2012 financial statement and the depreciation entries. It was his understanding that there would be no depreciation entries until November. Mr. Roberts also stated his concern under "district consultations" and to whom this amount was paid to. Mr. Roberts also asked why the "capital improvement fund went up to over \$250,000. Finally Mr. Roberts needed clarification on the accrual budget. *Mr. Hilb stated that Mr. Bruce Eldredge would address those concerns during his Financial Report later in the meeting.*
- **Dayne Taylor** stated his displeasure with the Financial Reports and how it was his opinion that they were different in writing than they were in reality. Mr. Taylor also expressed that his data/information request had yet to be fulfilled by the Board and its delegates. *Mr. Hilb stated that his comments regarding data requests would be addressed later in the meeting.*
- **Charles O'Brien** asked the Board, specifically Mr. Hilb, answer why he and his ADA issue were being relegated to Executive Session. *Mr. Hilb stated that*

although it was on the agenda, what was discussed in Executive Session couldn't be discussed publicly. Mr. O'Brien stated that he had a right to know why he was being discussed in Executive Session. Mr. Hilb stated that this matter would be addressed later in the meeting during that Agenda Item.

- **Marless Taylor** expressed her comments and discontent with how she thought the District was being run by the present Board Members. *Mr. Hilb thanked her for her comments.*
- **Jimmy Stoner** asked when the updated budget was approved, at what meeting, and also asked when it was posted on the website. He stated the latest version the public had was the 6/23/12 version that was discussed at the rate hearing. He expressed his discontent with how that version and the version being discussed at today's meeting had nothing in common except the bottom line figures. Mr. Stoner also asked how the Board Members were keeping track of the various questions brought before them by the public and how they were being answered. He also asked if questions and comments from the audience would be entertained from the floor. *Mr. Hilb stated that the budget was not on the agenda and would not be discussed. He stated that it would be put on the next agenda.* Mr. Stoner stated that it was under the finance portion of the agenda. *Mr. Hilb asked Counsel Whittington in regards to Mr. Stoners question about entertaining items from the floor. Mr. Whittington stated that it was up to the Chairman to decide how the meetings would be conducted. Mr. Whittington stated as long as it was on the agenda, the Chairman could decide on how to proceed. Mr. Hilb stated to the audience members that a few meetings prior, it was decided that due to the disruption at the meetings by audience members the Board would not take comments from the audience during agenda items. Mr. Hilb stated that the same would apply to this meeting. Mr. Hilb also stated that if there was a specific question a board member had for someone on the floor for a specific agenda item, that would be the only time comments from the floor would be recognized.*

4. **POSSIBLE VOTE 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 has not been produced by the previous District Board members.
- B. Claims for reimbursement of attorney fees previously paid by the District.
- C. Requests for public records
- D. Establishment of criteria for contracting of services and supplies provided to the District
- E. Draft three-year contract for accounting and billing services between ICR Sanitary District and MDI Taxes, Inc.

- F. Resolution 2012-5 and Letter of Engagement with Alyx Cohan, CPA, to prepare the annual financial report for fiscal 2011-12, required by Yavapai County.
- G. ICRSD Board Bylaws, District Rules, and District Policies
- H. ADA Accommodation for Mr. Charles O'Brien
- I. Resolution 2012-6, Acceptance of Talking Rock Offsite, Onsite and Other Related Wastewater Facilities and approval of Bill of Sale
- J. Establishment of Criteria for publication of District Newsletters.
- K. Granite Basin amendment

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

Executive session began at approximately 9:25 a.m.

5. RECONVENE INTO PUBLIC SESSION at approximately 11:00 p.m.

6. REPORTS

Managers Report:

Bob Busch reported that he filed the Tax Levy amount with the County in the amount of \$303,911. Mr. Busch also reported that he proceeded with the lien of the property at 12325 El Capitan Way. Mr. Busch reported that there were several properties with outstanding balances which had since been sold and suggested that those accounts be written off as it wasn't conducive to pursue those any further. *Mr. Hilb stated that it wasn't an agenda item at this point and would have to be discussed at a later point in time.* Mr. Busch stated that generator at the Talking Rock lift station was installed but still needed some work done to it, in regards to the punch list for infrastructure acceptance. Mr. Busch stated that when that agenda item came up, it should be delayed until the next meeting. He also stated that regarding Whispering Canyon, there were still some items being addressed which would be covered in more detail in the report from Granite Basin Engineering. Mr. Busch reported on several record requests by members of the public. He stated that two requests were handled by providing emails between employees and board members to each other. Another request was handled by meeting twice with the requestor and to his knowledge this issue had been addressed. He stated that this is the first time he has heard that Mr. Taylor considered his request to be incomplete. *Mr. Hilb directed Mr. Busch to write a letter to Mr. Taylor asking for clarification of what it was that Mr. Taylor needed.* Mr. Busch stated that within the last two days he received two more requests. One made by Mr. Stoner has been referred to Counsel Whittington. *Mr. Whittington stated that he would look further into this matter as he couldn't disclose any information discussed in Executive Session.* Mr. Busch went on to report the average daily flows at the treatment plant for June and July as well as the high and low daily readings. The average for June was 36,349 gallons per day and the July average was 42,221 gallons per day. The high daily reading of over 69,000 gallons in July may have been a high reading due to the recent rains. *Mr. Hilb asked Mr. Busch if he ever found any records regarding water incursion problems.* Mr. Busch stated that he was unaware of any water incursion problems and asked Mr. Pat Carpenter of AI Quality water for input. *Mr. Carpenter stated he would go back to his records and research to see if there in fact were any water infiltrations and where if any,*

specifically. Mr. Busch stated that flushing was done on seven streets in Talking Rock and two of them in Inscription Canyon. He also stated that the Operator has purchased some filter media and it has been installed in the area where there were complaints of odors coming out of the manholes. Mr. Busch stated that regarding the Escrow account, two Certificates of Deposit have been transferred from the escrow account to the restricted capital account for the District in the County Treasury. One additional CD will mature in December, and will be transferred to the District. Mr. Busch stated that he has been researching the possible use of a data base for use in keeping all the records of the property owners in the District. Mr. Busch stated that the current method is archaic and rather difficult to maintain. He also stated that he'd been in communication with the State Library and Archives Department, and asked them if they would conduct records retention training for the Board Members and the District employees sometime in October.

Report from Granite Basin Engineering ~Mr. Davin Benner

Mr. Benner went through his reports and advised the Board that it didn't seem logical for the District to construct a new plant when it could expand the current plant to operate at a rate of 90,000 gallons per day. Mr. Benner stated his recommendations to the Board along with the breakdown of costs. Mr. Hilb stated that some of the upgrades might be unnecessary at this point in time. It was decided that it would be reevaluated along with Mr. Pat Carpenter and re-submitted to the Board at later date after some more research.

Financial Report

Income Statement: As part of his report, Mr. Bruce Eldredge went through each line item in the income statement for both June and July. Mr. Eldredge gave brief explanations on each category. There were no questions from the Board or the audience at its conclusion.

Balance Statement: Mr. Eldredge went through the Balance statement for June and July. Mr. Eldredge stated that there was a depreciation entry on the balance sheet even though the County did not require depreciation entry for their budget reports. *Mr. Hilb left the meeting as he was called away on business. Mr. Ray would take over as Board Chairman during Mr. Hilb's absence.*

Break at approximately 12:00 p.m.

Reconvene at approximately 12:05 p.m.

Budget report: There were no significant changes to report as Mr. Eldredge went through each line item and its breakdown. *Mr. Busch stated that he and Mr. Eldredge would look into possibly including a Cash Report that would be allow Board Members to easily see changes in the cash balances.*

- **Jimmy Stoner** stated his concerns about there being one concise report that was easy to follow by everyone. He stated his concern about how there were several different reports and how confusing it was for the audience and constituents to follow. *Bruce stated that he was not involved with the set up of such documents but that for ease, he would introduce category numbers so it was easier to follow. Mr. Busch was in agreement.*

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

7. CONSENT AGENDA

Minutes of prior meetings

Executive Session Minutes of May 22, 2012

Executive Session Minutes of June 25, 2012

Reimbursement to District Manager for \$74.39 for:

\$10.00-- Recording of Lien on property at 12325 El Capitan Way, Prescott, AZ

\$64.39-- Copies of documents for board meeting & supplies

Mr. Scott Robbins made a motion to approve the Consent agenda omitting the Public Meeting Minutes of June 25, 2012. Brian Ray seconded the motion, the motion passed unanimously without discussion.

.. Mr. Ray made a motion made a motion to approve Public Meeting Minutes of June 25, 2012 with the amendment of including the presence of Mr Harvey Roberts.. Mr. Robbins seconded the motion, the motion passed 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 no action necessary at this moment.*
- B. **Claims for reimbursement of attorney fees previously paid by the District.** *There is no action necessary at this moment.*
- C. **ICRS Board Bylaws, District Rules, and District Policies.** *There is no action necessary at this moment.*
- D. **ADA Accommodation for Mr. Charles O'Brien.** *Mr. Whittington wanted the record to reflect that legal advice was given in Executive Session and it was Counsel's recommendation that the Board Manager, Bob Busch would address the issue at this point in time with Mr. O'Brien. Bob Busch stated that the District has provided the means by which Mr. O'Brien could attend or listen to the meetings. He also asked Mr. O'Brien if anything further was necessary to fulfill his requests at this time. Mr. O'Brien reminded Mr. Busch that at a previous meeting he was forced to attend with one badly bruised, swollen leg, and an ill fitting leg prosthesis on the other. Mr. O'Brien went on to state that he asked the District Clerk, Isabel Yribe to observe and document the condition of his leg. Mr. O'Brien stated that Mr. Hilb overheard the conversation and asked him what the matter was. Mr. O'Brien stated that he proceeded to tell Mr. Hilb and Mr. Busch of a complaint he had about attending the meeting and possible accommodations. He stated that he called the day before the meeting at, what he thought were normal business hours and left a message expecting a return call. Mr. O'Brien stated that at that point, that Mr. Hilb and Mr. Robbins began berating him, accusing him of raising issues where there were none. Mr. O'Brien offered to explain his grievance and felt that he was being*

ignored. Mr. O'Brien also stated that he tried to ask Mr. Whittington for support, to no avail. As a result he left the meeting on an angry note. Mr. O'Brien went on to state that he received a letter from Mr. Busch stating that he was an idiot. He stated that it was very condescending in nature. *Mr. Busch interjected that he did not call Mr. O'Brien an idiot.* Mr. O'Brien stated that if not that, Mr. Busch called him stupid. *Mr. Busch again interjected that he never uses the word "stupid".* Mr. O'Brien stated that he responded in a very lengthy email to Mr. Busch inviting him to listen to the same message that he heard. Mr. O'Brien stated that Mr. Busch listened to that message and humbly apologized. Mr. O'Brien stated that he accepted his apology, reluctantly. Mr. O'Brien stated that he expected an apology at the next session because of the way he was treated. *Mr. Whittington asked Mr. O'Brien as if there was anything he needed in order to accommodate his needs in being able to attend the board meetings.* Mr. O'Brien stated that Mr. Busch had made reasonable efforts to accommodate and also that Mr. Busch's letter was a sincere attempt to correct the issue at hand. Mr. O'Brien went on to state that he believed this was all orchestrated by the Chairman of the Board, Bob Hilb. He stated that he felt his rights were infringed upon and will maintain that stance, until the day he dies. *Mr. Robbins took a moment to respond and explained to Mr. O'Brien that he wasn't fully aware of the conversation the day in question. Mr. Robbins stated that he was sure he didn't make any derogatory remarks to Mr. O'Brien as he didn't fully comprehend what was being stated.* Mr. O'Brien stated that he had left an emergency message on the machine. Mr. Robbins then stated to Mr. O'Brien that Mr. O'Brien should have left a detailed message. Mr. O'Brien then told Mr. Robbins, that without having listened to it, how Mr. Robbins could know anything that he left on the message. Mr. O'Brien stated that Mr. Robbins was negative. Mr. Robbins stated publicly, that if he said anything disrespectful, it wasn't intended and he formally apologized. Mr. O'Brien accepted his apology.

Bob Hilb returned to the meeting at approximately 12:45 p.m.

E. Setting a time and place for future meetings of the District Board. The next meeting was set to be held on September 20, 2012 at 9:00 a.m. at the Days Inn Conference Room 1, in Chino Valley, Arizona.

9. NEW BUSINESS

A. Approval of Financial Reports for June. *Bob Hilb made a motion to approve the Financial Reports for June 2012. Brian Ray seconded the motion and the motion passed unanimously without discussion.*

B. Establishment of criteria for contracting of services and supplies provided to the District. *Bob Hilb, based on guidance from Counsel Whittington, assigned Mr. Busch to look at the Districts contracts and put a process into place, in determining on a regular basis, whether the contracts are necessary for specific services and are at fair market price and take appropriate action..*

C. Three-year contract for accounting and billing services between ICR Sanitary District and MDI Financial Services, Inc. *This item was postponed until a future meeting.*

- D. Proposed Resolution 2012-5, Letter of Engagement with Alyx Cohan, CPA, to prepare the annual financial report for fiscal 2011-12, required by Yavapai County.** *Bob Hilb made a motion to approve the Proposed Resolution 2012-5 as presented. Mr. Robbins seconded the motion and the motion passed unanimously without discussion.*
- I. Proposed Resolution 2012-6, Acceptance of Talking Rock Offsite, Onsite and Other Related Wastewater Facilities and approval of Bill of Sale.** *This item was postponed to a future meeting date.*
- J. Establishment of scope and budget for Wastewater Treatment Plant Upgrades and Improvements.** *Mr. Hilb stated that matter of filing a significant amendment modification of the APP through ADEQ be reviewed by Counsel and researched further before Board action on the matter.. Mr. Busch asked if there was a budget amount that the Board would target for the upgrade project. Mr. Busch also asked what it was the Board wanted specifically for Mr. Davin Benner to come back to the table with. It was suggested that an amount of under \$500K of expenditures should be researched.*
- K. Establishment of criteria for publication of District Newsletter.** *Mr. Hilb stated that there were concerns the publication of a newsletter could potentially violate Open Meeting Laws if Board Members participated in its preparation, construed as communication between board members. Mr. Hilb stated that the best way to proceed was for the District Manager to produce the newsletter with input from the Board members on topics only*

10. ADJOURNMENT

Therefore the meeting was adjourned at 1:05 p.m.

Date

Board Clerk