

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

~SPECIAL PUBLIC SESSION MINUTES~

June 5, 2018

Approved June 21, 2018

Date: Tuesday June 5, 2018

Time: 2:05 p.m.

Place: The meeting was held in the Conference Room at Days Inn, 688 Fletcher Ct, Chino Valley, AZ

1. CALL TO ORDER.

The Governing Board for the Inscription Canyon Ranch Sanitary District convened into public session at 2:05. Board Chair, Dave Barreira, participating via telephone, asked Bill Dickrell to chair the meeting.

2. ROLL CALL.

Present were Bill Dickrell, Board Member, Bill Whittington, legal counsel, Hans Clugston, legal counsel and Bob Busch, District Manager. Dave Barreira, Board Chair, and Robert Lynch, legal counsel attended via telephone conference. Mr. Sterling Johnson was present as a member of the public.

3. Mr. Dickrell moved that the board 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. Legal advice concerning possible mediation of the dispute with Talking Rock Land LLC, and possible authorization of legal counsel to provide names of mediators in connection therewith.
- B. Legal advice regarding possible engagement of William DeHaan of Greenberg Traurig, LLP as legal counsel for a bond/financing election for the purpose of raising capital funds for construction of improvements/replacement of the wastewater treatment plant.
- C. Legal advice on pending litigation with Talking Rock Land, LLC.

Mr. Barreira seconded the motion. The motion is passed unanimously without discussion.

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

CONVENE into Executive Session at 2:07 p.m.

RECONVENE from Executive Session at approximately 3:00 p.m.

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

Reimbursement to District Manager - \$577.70

Prescott Courier – Notice of Rate & Budget Hearing (\$264.60)

Staples – Copies- Record Request 5 sets- 455 pgs ea (\$273.02)

Walmart – Wireless speakers for hearings (\$40.08)

Mr. Dickrell entertained a motion to approve the consent agenda. Mr. Barreira moved to approve the consent agenda. Mr. Dickrell seconded. The motion passed without discussion.

5. NEW BUSINESS - DISCUSSION & POSSIBLE ACTION RE:

A. Authorizing the Board Chair and Counsel to participate in discussions with Talking Rock that will lead to the appointment of a single mediator under Section 12 of the Amended and Restated Development Agreement (“ARDA”).

Mr. Dickrell entertained a motion to approve item 5A of the agenda. Mr. Barreira moved to approve authorizing the Board Chair and Counsel to participate in discussions with Talking Rock that will lead to the appointment of a single mediator under Section 12 of the Amended and Restated Development Agreement (“ARDA”). Mr. Dickrell seconded the motion. The motion passed without discussion.

B. Authorizing the Board Chair and Counsel to participate on behalf of the District in the mediation process before the single mediator.

Mr. Dickrell entertained a motion to approve item 5B of the agenda. Mr. Barreira moved to approve authorizing the Board Chair and Counsel to participate on behalf of the District in the mediation process before the single mediator. Mr. Dickrell seconded the motion. The motion passed without discussion.

C. Authorizing the Board Chair and Counsel provisionally to participate in discussions with Talking Rock intended to facilitate mediation under the American Arbitration Association (“AAA”) process including selection of mediators pursuant to Section 12 of ARDA.

Mr. Dickrell entertained a motion to approve item 5C of the agenda. Mr. Barreira moved to approve Authorizing the Board Chair and Counsel provisionally to participate in discussions with Talking Rock intended to facilitate mediation under the American Arbitration Association (“AAA”) process including selection of mediators pursuant to Section 12 of ARDA. Mr. Dickrell seconded the motion. The motion passed without discussion.

D. Authorizing the Board Chair and Counsel provisionally to participate in the AAA mediation.

Mr. Dickrell entertained a motion to approve item 5D of the agenda. Mr. Barreira moved to approve Authorizing the Board Chair and Counsel provisionally to participate in the AAA mediation. Mr. Dickrell seconded the motion. The motion passed without discussion.

E. Authorizing the Board Chair and District Manager to take all steps necessary to develop and submit an application under the State WILA program for expansion of the existing Santec plant. (Note: WILA is a typographical error. It should be WIFA, Water Infrastructure Authority).

Mr. Dickrell commented that the reference to the Santec plant seemed a bit restrictive. It seems that expanding the Santec plant would not require funding. Bob Busch commented that the Board has previously discussed expansion of the Santec plant to 90,000 gallons per day, and that would not require additional funding. There was further discussion about whether or not the motion should be considered in its agendized form, or whether it should be modified in some way to generalize the language.

Mr. Barreira moved to convene in Executive to receive legal advice concerning this item in the agenda. Bill Dickrell seconded. Motion passed unanimously.

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

CONVENE into Executive Session at 3:16 p.m.

RECONVENE from Executive Session at approximately 3:26 p.m.

Mr. Dickrell stated that he was exercising his prerogative to pass over this item on the agenda and take no action at this time. The matter will be considered at a future meeting.

F Possible engagement of William DeHaan of Greenberg Traurig, LLP as legal counsel for a bond/financing election for the purpose of raising capital fund for construction of improvements/replacement of the wastewater treatment plant.

Mr. Dickrell entertained a motion to approve item 5F of the agenda. Mr. Barreira moved to engage Mr. William DeHaan of Greenberg Traurig, LLP as legal counsel for a bond/financing election for the purpose of raising capital fund for construction of improvements/replacement of the wastewater treatment plant. Mr. Dickrell seconded. There followed a discussion as to who might sign the engagement letter, as Mr. Barreira is out of town. Mr. Barreira moved to amend the motion to authorize the District Manager to sign the engagement letter. Mr. Dickrell Seconded. The amendment passed. Mr. Barreira then moved to approve the motion as amended. Mr. Dickrell seconded. The amended motion passed unanimously.

G. Possible approval of a motion to authorize the District Manager to spend up to \$500 to advertise for the position of District Clerk.

Mr. Dickrell entertained a motion to approve item 5G of the agenda. Mr. Barreira moved to authorize the District Manager to spend up to \$500 to advertise for the position of District Clerk. Mr. Dickrell asked Mr. Busch how he planned to proceed. Mr. Busch indicated that so far, he has not been able to find a candidate. He commented that he intended to start with a couple of local employment agencies. Mr. Dickrell called for a vote on the motion. The motion passed unanimously.

H. Plant Capacity projections and consideration of plant expansion options and possible approval of an expansion plan.

Mr. Barreira read an analysis that he previously prepared.

“ Increasing the existing plant capacity to 90,000 gal/day would mean that 72,000 gal/day would be at 80 percent capacity. Our current peak day 12/26/2017 was 68,200. That leaves us 3800 gal to reach 80percent. On our peak day the average per lot was 113 gal. that means that on a similar peak day we would be 33.6 lots from reaching 80 percent of the 90,000 plant capacity. In December of 2017 Symmetry Companies issued a communication stating that there were 29 new homes currently under construction and an additional 10 new homes going through the Architectural Review Committee. That’s 39 new connections. on a peak day of 113 gal that would be 4407 gal added to the 69,200 for a total of 72,600. Given that it will take about 18 months to complete the construction of the plant to a 90,000 gal/day capacity we would be at 80 percent capacity by the time we start up the expansion. Therefore we would need to start another expansion. “

Mr. Barreira pointed out that by the time we expanded the plant to 90,000 gpd we would need to begin planning yet another expansion. He stated that the District should look to expanding the plant to at least 125,000 gpd. Mr. Dickrell concurred, stating that in a recently published Phoenix Business Journal, Mr Peter Boyle, the Symmetry Companies CEO, was quoted saying that there are 50 lots in the design and construction stage. He stated that the 90,000 gpd option seemed like a band-aid, spending money that would be better used in getting to 125,000 gpd.. Mr. Barreira stated that even if it takes 6 months longer to expand to 125,000 gpd it would be worth it. Mr. Dickrell agreed if it were to take 4-6 months. We would need updated information from Sunrise Engineering. Mr. Barreira commented that earlier in the day, he had asked Bob Busch to get updated information from Sunrise Engineering. Bob Busch said he has contacted Sunrise, and they hope to have updated information by the meeting scheduled for June 21st. He stated that funding will take 2-3 months following an election in November, so construction wouldn’t start until spring next year at the earliest. Mr. Barreira commented that the GBE proposal was to take 6 months to design plant improvements to 90,000 gpd. With either approach, it would be next spring before construction could begin. Mr. Dickrell stated that with no further discussion on this item, no action is being taken at this time.

There being no further business, Mr. Dickrell declared the meeting adjourned. .

6. ADJOURNMENT

the meeting was adjourned at approximately 3:50 p.m.

Date

Board Clerk