

**INSCRIPTION CANYON RANCH SANITARY DISTRICT**

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

**PUBLIC SESSION  
~MINUTES~**

**October 19, 2011**

**1. CALL TO ORDER.**

The Governing Board for the Inscription Canyon Ranch Sanitary District convened into public session at approximately 9:00 a.m. at The Days Inn, 688 Fletcher Ct., Chino Valley, AZ, Conference Room 1.

**2. ROLL CALL.**

Present were Bob Hilb, Board Chairman; Brian Ray, Board Member; and Scott Robbins, Board Member. Also present were J. J. Coughlin, Counsel; Bill Whittington, Counsel; Bob Busch, District Manager, Isabel Yribe, District Clerk; Bruce Eldredge, Accountant.

Audience Members as listed:

Gene Leasure	Harvey Roberts
Dayne Taylor	John Freeman
Eileen McGowan	Jim Carlin
Charles O'Brien	Jay Freeman
Dick Tracey	Curt Anderson

**3. CONSENT AGENDA/APPROVAL OF MINUTES: Postponed.**

**4. REPORTS**

The Chairman announced that there would be no action on the reports.

**A. Operations Report**

Bob Busch reported that following the September billing, approximately 20 bills were returned as undeliverable by the Post Office. He then stated that these were all investigated and correct billing addresses determined. Mr. Busch reported that he received a dozen or so calls from residents inquiring about the user fee billing, some asking for information, some questioning the District's authority to bill or to bill in advance. He reported that there were no violations to report at this time. He also stated that there was an equipment failure and it had to be repaired for approximately \$400.00.

**B. Financial Report**

Bruce Eldredge went over the financials for August and September 2011. He also gave the Budget Report for the quarter ending September 30. Of significant note was that the District will continue to lose money until a significant amount of the tax revenue is received.

**5. CALL TO THE PUBLIC**

- **Charles O'Brien** read from a handwritten page which was later submitted to the District Clerk regarding Dwight Zemp, Act III Investments, and user fees. *The Chairman stated that this item was an agenda item later and it would be discussed then.*
- **Harvey Roberts** read from a prepared document which was later submitted to the District Clerk regarding the hiring of MDI Taxes & Accounting, the hiring of Bob Busch, user fees, and the ICRSD Support News. *Mr. Hilb asked Mr. Whittington what the disposition should be of written comments to the Board. Mr. Whittington stated that written comments need to be retained as part of the public record but not part of the minutes. Mr. Hilb stated that user fees were not on the agenda and would be considered on a future agenda. MDI Financial and Mr. Bob Busch were on the agenda and would be discussed later. The comment about ICRSD Support News was not on the agenda.*
- **Dick Tracey** stated concerns regarding the regularly scheduled public meetings and their cancellations. He also had a question on when an item is promised to be on the next agenda whether that means it will be discussed at the next public meeting. *District Counsel Whittington gave a brief explanation as to this process. Mr. Hilb stated that the meeting schedule is on the agenda and would be discussed at that point.*
- **Eileen McGowan** finished reading the remainder of Mr. O'Brien's handwritten statement on the subject of user fees. *The item was not on the agenda so it could not be addressed but would be considered for a future agenda.*
- **Jim Carlin** had concerns about not hearing back from Mr. Bob Busch on messages he had left regarding user fees. *Mr. Hilb directed Bob Busch to handle that situation.*
- **Gene Leasure** had a question regarding the District's Communication Policy. If the District didn't have one, would one be written? *Mr. Hilb stated that the issue would be brought up under item number 9A on the agenda.*
- **Dayne Taylor** had concerns about a capacity analysis mentioned in Manager's Report and the availability of financial reports on the District website. He also had concerns regarding the posting of meeting announcements at the guard shack by Bob Busch and the basis of his authority. *Mr. Hilb stated that capacity analysis is not on the agenda and could not be discussed. He also stated that the website issues would be discussed during the communication item on the agenda. As far as Bob Busch, Mr. Hilb would ask for legal advice on this matter in the executive session. Mr. Hilb directed Mr. Busch to look at putting the appropriate items on the next agenda.*
- **Jay Freeman** stated that he was protesting against user fees and that the board was insensitive to its customers. *Mr. Hilb stated that the item of user fees was not on the agenda and that item would be on a future agenda.*
- **John Freeman** made a comment on the plant capacity usage of the plant and a flexible plan for the future. *Mr. Hilb stated that the board would consider putting capacity analysis on the next agenda.*

## 6. EXECUTIVE SESSION.

Member Bob Hilb made a motion to go into executive session regarding discussion or consultation for legal advice with the attorneys of the Inscription Canyon Ranch Sanitary District pursuant to A.R.S. §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 pursuant to A.R.S. Section §38-431.03(A)(4) regarding:

- A. Pending litigation with Harvard Investments et. al., Case #CV2010000036 & #P1300CV210-01855.
- B. Pending litigation with Marvin L. Kaiser et. al., Case # P1300CV201100061.
- C. A claim against the District by Alfred & Nancy Moss. Claim #AZSP210040024.
- D. Possible MOU referencing the various pending business/service negotiations between Harvard and Inscription Canyon Ranch Sanitary District.
- E. MDI Taxes & Accounting contract for billing and accounting services.
- F. Act III Investments contract for consulting services
- G Northern Arizona Websites contract for website design, hosting and maintenance services.
- H. Robert Busch management contract
- I. Method for collecting overdue invoices for users fees.
- J. Motion by Julianne C. Wheeler of Sacks Tierney, PA to withdraw as attorney of record for ICR Sanitary District in the Consolidated Damages Action #P1300CV2010000036.
- K. Motion by Harold Watkins of Aspey, Watkins & Diesel, P.L.L.C. to withdraw as attorney of record for ICR Sanitary District in the Consolidated Damages Action #P1300CV2010000036.

Brian Ray seconded the motion and the motion passed unanimously. *The public was asked to leave until the Public Session was reconvened. Executive Session commenced at 9:55 a.m.*

**RECONVENE FROM EXECUTIVE SESSION** *Public session was reconvened at approximately at 1:20 p.m.*

## **7. DISCUSSION & POSSIBLE ACTION**

The Board Chairman made a motion to authorize litigation counsel to proceed as recommended in executive session for items:

- A. Pending litigation with Harvard Investments et. al., Case #CV2010000036 & #P1300CV210-01855.
- B. Pending litigation with Marvin L. Kaiser et. al., Case # P1300CV201100061.
- C. A claim against the District by Alfred & Nancy Moss. Claim #AZSP210040024.  
Brian Ray seconded the motion. The motion passed unanimously.
- D. The Board Chairman made a motion to authorize Mr. Whittington to contact a specialist to discuss the MOU and Development Agreement modifications as recommended in executive session.

Brian Ray seconded the motion. The motion passed unanimously.

## **8. OLD BUSINESS**

The Board Chairman made a motion to authorize Mr. Whittington to proceed with the proposed modifications to the MDI, ACT III, Northern Arizona Websites, and Bob Busch Manager agreements (items 8A-D) as recommended by counsel in executive session.

- A. Contract with MDI Taxes and Accounting for billing and accounting services.
- B. Contract with Act III Investments for consulting services.

- C. Contract with Northern Arizona Websites for website design, hosting and maintenance services.
- D. Employment Agreement with Robert Busch as Manager for the District.  
Brian Ray seconded the motion
- Mr. Hilb stated that these items would not be approved at this meeting but at a later date..  
The following discussion ensued.

- **Eileen McGowan** had a question regarding Bob Busch being a supporter of the recall. *Mr. Whittington addressed this issue as much as he could without divulging the discussions held in Executive Session.*
- **Gene Leasure** had concerns regarding as to why these vendors were getting paid. *Mr. Whittington instructed Mr. Hilb that if asked, he could address that issue in Executive Session. Mr. Hilb then stated that this subject would be put on hold until after an executive session at the next meeting.*
- **Dayne Taylor** wanted clarification on whether or not Bob Busch was under contract with the District. *Mr. Hilb stated that the status of the four vendors would be discussed with Counsel at an executive session at the next meeting.*
- **Eileen McGowan** had concerns over comments made by Bruce Eldredge concerning Wallace and Associates. *Mr. Hilb stated that this item was not on the agenda and would have to be discussed at the next meeting. Mr. Whittington gave a brief explanation of the process of discussing items that were not on the agenda. Ms. McGowan also had a question as to whether the budget report would be on the website. Mr. Hilb stated that they were on the website but they were difficult to access with certain web browsers and webmaster was addressing those issues.*
- **Gene Leasure** asked about the dates of the financial reports that would be posted on the website. *Mr. Hilb asked Mr. Busch who stated that the dates in which the financial reports would be posted on the website were June through September.*
- **Charles O'Brien** asked why the financial reports from June and July could not be discussed. *Mr. Hilb stated that reports could not be discussed unless they were on the agenda. Only August and September could be talked about.*

The motion passed unanimously.

## 9. NEW BUSINESS

- A. Adoption of District Communication Policy. *Mr. Hilb stated that this was an informational item for the public. There would be discussion at the next meeting about implementing a system to better handle the communication needs of the District.*
- B. Approval of Financial reports for August 2011. *A motion was made by Board Member Hilb to approve the financial reports for August 2011. The motion was seconded by Board Member Brian Ray. The motion passed unanimously.*
- C. Approval of Financial reports for September 2011. *A motion was made by Board Member Hilb to approve the financial reports for September 2011. The motion was seconded by Board Member Brian Ray. The motion passed unanimously.*
- D. Discussion and possible action regarding future meeting dates. Mr. Hilb discussed the need for frequent meetings because of settlement negotiations. He also discussed the restrictions caused by having the notice posted on the county website. *Mr. Hilb made a motion to authorize Bob Busch to redo the Notice at*

*the County Offices to only contain the posting place and that meetings would be announced as needed for the near term time. Brian Ray seconded the motion. There was discussion about the need for a regularly scheduled meeting time and place for meetings. After a few questions from the audience, District Counsel Whittington gave a brief discussion as to the legal requirements and whether or not they were being met. Mr. Hilb stated that all considerations would be taken into account in finding a permanent home for the District's Board Meetings. A vote on the motion to redo the Notice at the County Offices was taken and the motion passed unanimously.*

- E. Discussion and possible re: proposal from Act III was postponed as Dwight Zemp was not present.*
- F. The Board discussed the methodology to resolve overdue bills including overdue notices and the process for placing liens on property with bills overdue more than 90 days. Mr. Hilb stated that after legal advice, the process needed to be fleshed out and presented at the next meeting. After brief discussion, Mr. Hilb again stated that this process would be reviewed and a proposal would be presented at the next meeting. The item was tabled. There was a discussion of the implications of billing in advance. Mr. Robbins requested the item be put on the agenda for the next meeting that includes both the billing process and overdue bills.*
- G. Discussion and possible regarding Julianne Wheeler to be withdrawn as attorney of record for ICR Sanitary District. Mr. Hilb made a motion to consent to the withdrawal of Julianne Wheeler as the attorney of record for the ICR Sanitary District in the Consolidated Damages Action. Brian Ray seconded the motion. The motion passed unanimously.*
- H. The Board discussed the motion by Harold Watkins to withdraw as attorney of record for ICR Sanitary District in the Consolidated Damages action. Mr. Hilb made a motion to consent to the withdrawal of Harold Watkins as the attorney of record for the ICR Sanitary District in the Consolidated Damages action. Brian Ray seconded the motion. The motion passed unanimously.*

Guest Curt Anderson asked whether people who asked to add something to the agenda would have their names attached to it on the next agenda. Mr. Hilb stated that the board would take that into consideration.

**10. ADJOURNMENT.** Thereafter, the public session adjourned at approximately 1:55 p.m.

Adopted and approved this \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Clerk