

ICR SANITARY DISTRICT

PO Box 1963 Prescott, AZ 86302

Tuesday July 13, 2021

Revised July 20, 2021

Date: Tuesday July 13, 2021

Time: 9:00 a.m.

Place: Prescott Adult Center, 1280 E. Rosser St. in Prescott, AZ

1. CALL TO ORDER *Mr. Summers called the meeting to order at 9:00 a.m.*

2. ROLL CALL *Present were: Mr. Bob Summers, Board Chairman; Mr. Jerry DeSantis, Board Member; Mr. Jeff McLeod, Board Member; Mr. Bob Busch, District Manager; and Mr. Bill Whittington, Board Counsel*

Mr. Summers 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. § 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, or in conjunction with 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. Talking Rock Land, LLC vs ICRSD, Case No. P1300CV201800380 and Case No. P1300CV201900298 including, but not limited to: the remand to the lower court; possible mediation negotiations with Developer; Possible direction to the attorneys of the Inscription Canyon Ranch Sanitary District relating to the mediation and mediation -related issues, and the latest settlement offer from Talking Rock Land, LLC.
- B. Legal advice regarding filing in Yavapai Superior Court by Allied World Insurance.
- C. Legal advice concerning possible filing of liens for past due fees owed to the District, including those owed by rental properties.
- D. Legal advice concerning applicability of Developer Lot Fees for lots at Club Cabins at Talking Rock Ranch.
- E. Legal advice concerning ratification of action during Executive Session of June 17th.
- F. Legal advice concerning possible billing for repairs at 12145 Cooper Morgan Trl.
- G. Legal advice concerning request for payment of \$1,000 from Network Adjusters, Inc. f/b/o Allied World Specialty Insurance Company

Mr. DeSantis seconded the motion. The motion passed unanimously without discussion.

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

CONVENE INTO EXECUTIVE SESSION: 9:03 a.m.

RECONVENE INTO PUBLIC SESSION: 11:00 a.m.

1. CALL TO ORDER

Mr. Summers called the meeting to order at 11:00 a.m.

2. ROLL CALL

Present were Mr. Summers, Board Chairman; Mr. Jeff McLeod, Board Member; Mr. Jerry DeSantis, Board Member; Mr. Bob Busch, District Manager; and Mr. Bill Whittington, Board Counsel.

No members of the public were present.

3. CALL TO THE PUBLIC

There were no members of the public present.

4. REPORTS

CHAIRMAN'S REPORT

The Chairman, Mr. Summers, read the following:

The District hopes to settle the ongoing lawsuit with Talking Rock Ranch developers, but, unfortunately, the negotiations are in the hands of the insurance company. The Planning Committee continues to investigate various options to meet future capacity requirements and will, as more operational and cost information is provided by suppliers, do a thorough cost benefit analysis that will be made public. The recent plant capacity increase of 27,500 gallons per day of the current Santec system, approved prior to the Board taking office, cost the District well over \$600,000. Also, Arizona Department of Environmental Quality (ADEQ) evaluates sanitary treatment facilities on the average daily treatment numbers, not on daily spikes. ADEQ recognizes sanitary treatment systems can handle short term spikes. Your District Board is certainly watching the rapid growth rate our area is experiencing, is working to stay ahead of the plant capacity requirements and is working to make sound financial decisions that benefit us all.

MANAGER'S REPORT

Mr. Busch reported the output of the treatment plant for the month of June was 2,046,550 gallons or an average of 68,218 gallons per day. He stated that there were 10 days with more than 70,000 gallons of output, with the high day on June 28th at 95,100 gallons.

Mr. Busch reported that in June, Santec Corporation technicians made repairs to the wier in the clarifier and addd air mixing boses for better air control. The cost of the repair was \$8,743. He also reported that a pump in the FEQ tank failed and was replaced at a cost of \$2,740. The pump was only a couple of months out of warranty.

Mr. Busch stated that AZ Billing has had a number of problems and complaints concerning Autopay. It seems that several banks do not recognized the difference between ICR Sanitary and ICR Water, and have sent a number of water company payments to the sanitary district. Both currently have the same PO box number: PO Box 2344. To eliminate the confusion, ICR Sanitary District will change it's PO Box to PO Box 1963.

Cleanup of the pond area at the treatment plant has not yet been completed. As soon as the current dumpster sludge bag is full and removed, a new dumpster will be placed and material in the pond will be removed and hauled away in a series of drop offs and pickups.

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

- Minutes of Meetings
 - Minutes of Public Meeting June 17, 2021
 - Executive Session Minutes of June 17, 2021
 - Minutes of Public Meeting- June 29, 2021
 - Executive Session Minutes of June 29, 2021

Mr. McLeod commented that the Minutes of June 29th showed Mr. Severson's name as Tom. His name is actually Todd.

Mr. Summers made a motion to approve the consent agenda with the correction to the Minutes of June 29th.. Mr. DeSantis seconded the motion. The motion passed unanimously without discussion.

6. OLD BUSINESS - DISCUSSION & POSSIBLE ACTION RE:

- A. Discussion and possible action re: Talking Rock Land, LLC vs ICRSD, Case No. P1300CV201800380 and Case No. P1300CV201900298 including, but not limited to: the remand to the lower court; possible mediation negotiations with Developer; Possible direction to the attorneys of the Inscription Canyon Ranch Sanitary District relating to the mediation and mediation -related issues and the latest settlement offer from Talking Rock Land, LLC.**

There was no action on this agenda item.

- B. Possible action regarding a filing in Yavapai Superior Court by Allied World Insurance.**

There was no action on this agenda item.

- C. Discussion and possible action concerning filing of liens against properties with past due fees.**

Mr. Busch commented that he had the information he needed and not Board action was necessary.

- D. Possible approval of Ratification Resolution 2021-4 concerning an action during Executive Session of June 17th.**

Mr. Summers moved to approve Ratification Resolution 2021-4. Mr. DeSantis seconded the motion. Motion passed unanimously without discussion.

7. NEW BUSINESS - DISCUSSION & POSSIBLE ACTION RE:

- A. Possible action concerning Developer Lot Fees for lots at Club Cabins at Talking Rock Ranch.**

Mr. Summers moved to authorize Mr. McLeod to discuss the matter with Jay Frank of Talking Rock. Mr. DeSantis seconded the motion. Motion passed unanimously without discussion.

- B. Possible approval of financial reports for June, 2021.**

Cheryl Ibbotson reported that on the Balance Sheet, account 1105 is incorrect, as is the account 1125, although the total accounts receivable is correct.

Mr. Busch commented that the Budget vs Actual Report, shows that the District ended the year considerably under budget, due to contingencies, attorney fees, and capital expenditures and that the Board might want, in the future, to consider making a transfer to capital funds,

Mr. McLeod asked if there was another way to show Developer Lot Fees to better reflect that they are restricted funds and do not affect the Districts regular revenue and expense. It was suggested to ask the CPA doing the financial review for recommendations.

Mr. Bob Summers moved to approve the June financial reports with the correction to the Balance Sheet as discussed. Mr. DeSantis seconded the motion. Motion passed unanimously without further discussion.

C. Possible action concerning billing for repairs at 12145 Cooper Morgan Trl.

Mr. Busch stated that he now has all the information needed for this item and no Board action is necessary.

D. Possible action concerning request for payment of \$1,000 from Network Adjusters, Inc. f/b/o Allied World Specialty Insurance Company.

Mr. Summers moved to authorize the Board Chair to approve the \$1,000 payment pending discussions with Mr. E. J. Kotalik. Mr. DeSantis seconded the motion. Motion passed unanimously without discussion.

8. ADJOURNMENT

Therefore, the meeting was adjourned at approximately 11:23 a.m.

Board Clerk

Date