

INSCRIPTION CANYON RANCH SANITARY DISTRICT

PO Box 215 Chino Valley, AZ 86323

~ Regular Meeting ~

January 13, 2021

Approved February 10, 2021

Date: Wednesday January 13, 2021

Time: 2:00 p.m.

Place: WingSpace Conference Room - 371 Garden Street, Prescott, AZ

1. CALL TO ORDER *Mr. Summers called the meeting to order at 2:00 p.m.*

2. ROLL CALL *Present were: Bob Summers, Board Chairman; Jerry DeSantis, Board Member; Jeff McLeod, Board Member; Bill Whittington, Legal Counsel (via teleconference); Bob Busch, District Manager; Isabel Yribe, Clerk (via teleconference)*

3. 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

B. Possible direction to legal counsel relating to the declaratory action filed by Allied World Specialty Insurance Co., relating to insurance coverage in the Talking Rock litigation

C. Possible ratification of actions taken since November, 2018 by less than a quorum of valid Board Members.

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: 2:06 p.m.

RECONVENE INTO PUBLIC SESSION: 2:30 p.m.

1. CALL TO ORDER

Mr. Summers called the meeting back into order.

2. ROLL CALL

Present were Mr. Summers, Board Chairman; Jeff McLeod, Board Member; Jerry DeSantis, Board Member; Bill Whittington, Legal Counsel (via teleconference); Bob Busch, District Manager; Cheryl Ibbotson, Accountant; and Isabel Yribe, clerk (via teleconference)

Mr. Bob Hilb, Mr. Bob Frisch, Mr. Mark Arnold were present in the audience. (Via teleconference)

3. CALL TO THE PUBLIC

There was no response from the public at this time.

4. REPORTS

Chairman's Report

Mr. Summers read the following:

I apologize for any confusion caused by the Sanitary District Newsletter being inserted into the Water Company billing. The Water Company and the Sanitary District are separate independent operations. The group handling the mailings for the accounting company used by both the Sanitary District and the Water Company made a mistake and hopefully, will not repeat this error in the future. As reported before, the Talking Rock Land LLC lawsuit against the Sanitary District appears to still be on hold while the parties wait for the Federal Judge to rule on the declaratory action filed by the District's Insurance Carrier, Allied World Specialty Insurance Company, in Federal Court. There has been no indication by the Judge when the ruling will be issued. Hopefully, now that the new Board is seated, we can resume the planning committee meetings and develop a plan for the next plant capacity increase. The high peak days that have been experienced, for example, November 28th, exceeding the current plant's rated capacity of 90,000 gallons, indicates the next expansion may be needed soon. For your information I will add, sanitary plant capacity requirements are based on averages, not on single events and the plant is operating in compliance of the ADEQ permit. The high-capacity days are an indication an expansion may be needed, add the new home construction rate in our area and I believe it is in the Districts best interest to be preparing for a plant capacity increase. That is what the planning committee was formed to do.

Manager's Report

Mr. Busch reported that the plant output for December 2020 was 2,204,961 gallons. He said that it averaged 71,127 gallons per day. Mr. Busch stated that the highest usage day was on December 23, 2020 with 100,200 gallons. Mr. Busch stated that there were 22 days in December that recorded over 60,000 gallons per day. Mr. Busch stated that the District would have to purchase manhole odor filters as it has received four odor complaints from the public. He also reported that the annual financial report was filed with Yavapai County Treasurer's Office. Mr. Busch stated that the report included four additional pages that included the District's board meeting dates and locations, active board members, and fund balances for the District's accounts. Mr. Busch stated that he also updated the District website with the policies and procedures/bylaws with the corrections that were previously discussed and passed by the Board. Mr. Busch stated that there was one requirement that still needed to be addressed by the District as required by the Aquifer Protection Permit. He stated that at a meeting with ADEQ today, ADEQ stated that the District would should for a Repurposing Permit for the sludge pond instead of trying to close it. He stated that Civiltec did not show up for today's meeting but that he would relay the information to them regarding the sludge pond and the possible repurposing in lieu of closing it. Mr. Busch stated that the requirements for the repurposing would require soil testing/reporting.

5. CONSENT AGENDA

Minutes of Meetings

- **Minutes of Executive Session – December 9, 2020**
- **Minutes of Public Meeting- December 9, 2020 Reimbursement to District Manager (\$154.99)**
- **Wingspace- Conference Room and Speaker Phone rental (January 13th) (\$75.00)**
- **GoDaddy- one Email account and Backup for one yr. (\$65.20)**
- **Walmart- copy paper (\$12.99)**
- **USPS – Mailing Annual Financial Report to Yavapai County (\$1.80)**

Mr. Summers made a motion to approve the consent agenda. Mr. DeSantis seconded the motion. The motion passed unanimously without discussion.

6. OLD BUSINESS - DISCUSSION & POSSIBLE ACTION 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. There was nothing to report on this agenda item.**
- B. Possible direction to legal counsel relating to declaratory action filed by Allied World Specialty Insurance Co., relating to insurance coverage in the Talking Rock litigation. There was nothing to report on this agenda item.**
- C. Possible ratification of actions taken since November, 2018 by less than a quorum of valid Board Members. Mr. Summers made a motion to approve Ratification Resolution 2021-1. Mr. DeSantis seconded the motion. There was a brief discussion detailing the items that were proposed in this motion. Mr. Busch stated that he redrafted the resolution to include the proper name for the District. The motion passed unanimously without further discussion.**
- D. Possible changes or reassignment of Responsible Corporate Officer in connection with matters concerning ADEQ Mr. Summers made a motion to table this agenda item for a future board meeting. Mr. DeSantis seconded the motion. There was a brief discussion of why a change/reassignment of the Responsible Corporate Office was needed. The motion passed unanimously without further discussion.**

7. NEW BUSINESS - DISCUSSION & POSSIBLE ACTION RE:

- A. Approval of financial reports for November, 2020. There was a brief discussion regarding Mr. McLeod's concerns regarding the amounts reflected in the report under "Equity" and the amounts reflected under "Capital Expenses Spent". Mr. Busch and Ms. Ibbotson responded to Mr. McLeod's concerns. Mr. McLeod stated that the numbers could be misconstrued by the public if they did not reflect what was actually in those line items. There was a brief discussion regarding Mr. McLeod's concern on how the ad valorem tax revenue was collected. He recalled that in previous years the ad valorem taxes were reflected "up front". Mr. Busch stated that in previous years all ad valorem taxes were reflected "up front". Mr. Summers made a motion to approve the financial reports for November 2020, as is, with the possible modifications discussed to be made on future reports, once Alyx Cohan was consulted as required. Mr. DeSantis seconded the motion. The motion passed unanimously without further discussion.**

B. Possible approval to assess late fees for delinquent user fees. *After a brief discussion regarding assessing late fees to delinquent users, Mr. Summers made a motion to table this agenda item for a future meeting. Mr. DeSantis seconded the motion. The motion passed unanimously without further discussion.*

C. Discussion and possible casting of ballot in the ICR Water Company election. *Mr. DeSantis made a motion to cast a ballot for one candidate, Mr. Ray Damasek, in the ICR Water Company election. There was a brief discussion regarding the remaining two candidates. Both Mr. Summers and Mr. DeSantis stated that they did not know those candidates and felt uncomfortable in voting for them. Mr. McLeod stated that he knew them and felt comfortable in casting a ballot that included Mike Hubbard. Mr. Summers seconded the motion. Mr. DeSantis voted "Yea". Mr. Summers voted "Yea". Mr. McLeod voted "Nay". The motion was passed.*

D. Planning Committee subcommittee discussion and possible action. *There was a brief synopsis of the Planning Committee/Subcommittee purpose. Mr. Summers made a motion to add Mr. McLeod to the Planning Committee. Mr. DeSantis seconded the motion. The motion passed unanimously without further discussion. Mr. Summers made a motion to assign Mr. DeSantis to the Planning Subcommittee under "Development", Mr. McLeod to the Planning Subcommittee under "Finance", and himself to the Planning Subcommittee under "Infrastructure". Mr. DeSantis seconded the motion. The motion passed unanimously. The next Planning Committee was scheduled for January 26, 2021 with a time to be determined. Mr. Busch wanted to confirm that the subcommittee would report to the planning committee which would then report to the Board. Mr. Summers confirmed the reporting process with Mr. Busch.*

E. Possible approval to purchase approximately \$6,000 of odor control inserts for manholes in the District. *Mr. Summers made a motion to approve the purchase of odor control inserts for the manholes in the District for approximately \$6000. Mr. DeSantis seconded the motion. There was a brief discussion regarding the brand of inserts to be purchased, individual price per unit, and the shelf life of the inserts. The motion was unanimously approved without further discussion.*

F. Discussion and approval of liability and Directors and Officers Insurance coverage proposals for 2021. *Mr. Summers made a motion to approve the liability and Directors and Officers Insurance coverage proposals for 2021 as presented. Mr. DeSantis seconded the motion. The motion passed unanimously.*

8. ADJOURNMENT

Therefore, the meeting was adjourned at approximately 3:25 p.m. .

Board Clerk

Date