

BOARD OF DIRECTORS
PINE/STRAWBERRY WATER IMPROVEMENT DISTRICT
P.O. Box 134 - Pine, Arizona 85544-0134

MINUTES

Regular Board Meeting – February 18, 2010

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 7:05 PM by
Bill Haney - Chair

2) PLEDGE OF ALLEGIANCE

3) ROLL CALL

Board Members Present:

- | | |
|-----------------------------|----------------------|
| 1. Bill Haney - Chair | 5. Don Smith |
| 2. Terry Schleizer (absent) | 6. Tom Weeks |
| 3. Mike Greer | 7. Richard Dickinson |
| 4. Ron Calderon | |

There was a Quorum – 6 Board Members present.

Also Present:

Stephanie Gliege – (Legal Counsel)

Harry Jones – Interim General Manager

Number of public attendees not noted.

Terry Schleizer Letter of Resignation – As requested by Terry Schleizer, Bill Haney read her letter of resignation to Board and attendees. Her resignation is to be effective as of March 1, 2010.

It was decided that the opening for a PSWID Board seat would be advertised in the paper and posted on the PSWID website to ask for applications from interested individuals in the community. Interested applicants should be prepared to submit applications in time for the Regular PSWID Board meeting in March, 2010.

4) APPROVAL OF MINUTES

- a. Regular Meeting (for January, 2010) held February 3, 2010

Motion to approve minutes - Don

Second – Ron

Vote 6 -0 Approved.

5) TREASURERS REPORT

Mike Greer, Treasurer, presented the Treasurer's report for the period ending January 31, 2010. The PSWID-Acq. Adjustment Reserve equals \$28,568.35. The Operations Cust. Rev Account at Compass Bank has a balance of \$52,064.34. The Gila County Warrant Account (General Account) has a balance of \$113,007.09. The Restricted Customer Security Deposits total \$48,724.34. The Restricted Debt Service Reserve has a balance of \$360,047.00. Petty Cash totals \$200.00 and cash drawer totals \$400.00. The LOC-Bank Proceeds not spent totaled \$24.80 resulting in a Total Checking and Savings balance of \$603,035.92. Accounts Receivable totaled \$64,827.58. Total monthly expenditure for period equaled \$91,829.82. The complete report is to be posted on the PSWID website.

Harry Jones indicated the District had approximately \$1,900,000 in additional loan funds available, of which \$320,000 was available for working capital, leaving approximately \$1,700,000 for various capital improvement projects.

Motion to approve Treasurer's report – Tom
Second – Don
Vote 6-0 approved.

6) DELEGATE REPORTS

Bill Haney reported that Senator McCain would be in Payson this Saturday morning to hold Public Town Meetings, beginning with a meeting of elected officials at 10:00AM.

7) CALL TO PUBLIC FOR NON AGENDA ITEMS (3 minutes per speaker)

Bob Cassaro addressed the Board indicating his concerns related as to how the District was going to pay for the capital improvements and new wells being discussed.

John Elliott addressed the Board expressing his thanks for accomplishments during the last year including his acquiring a water meter. He also commented on the professionalism of the office staff.

Motion to move to Executive Session – Ron
Second – Tom
Vote – 6 – 0 motion passed.

(8) EXECUTIVE SESSION

Motion to open Executive Session – Don
Second – Tom
Vote – 6 - 0 motion passed.

a. Discuss personnel needs and staffing level for District office.

Motion to end Executive Session – Don
Second – Richard
Vote – 6 - 0 motion passed.

Motion to reopen public session – Richard
Second – Tom
Vote – 6 – 0 motion passed.

(9) OLD BUSINESS

a. Receive and open sealed bids and award purchase of a District backhoe.

Harry Jones explained the requirements for a District backhoe from the RFP, and opened the sealed bids.

1. SH3, LLC. (Loren Peterson)- 2004 Caterpillar 420D Backhoe - \$44,000.00 plus taxes, fees, licenses. Rejected because proposal did not include amount of taxes, fees, etc.
2. RSC Rental of Show Low, AZ.-2005 Case 580 Super M \$38,350.64. Rejected due to excess hours.
3. RSC Rental of Show Low, AZ.-2006 Case 580 Super M \$46,468.12. Accepted subject to inspection.
4. KAT Dealers (Gary Smith) of Show Low, AZ.-2007 Caterpillar Model 420E 4EC \$73,256.00. Rejected due to high price.
5. Empire CAT – 2005 Caterpillar Model 420D 4EC \$40,975.00. Rejected due to excess hours.
6. Case Falcon Power of Phoenix, AZ.-2008 Case 580 Super M \$73,795.00. Rejected due to high price.

Motion to accept bid from RSC Rental on 2006 Case 580 Super M for \$46,468.12 subject to inspection – Don

Second – Richard
Vote – 6 – 0 motion approved.

- b. Discuss and take possible action concerning infrastructure needs as they relate to the development of water supply and storage facilities.

Tanner Henry, District Engineer from Tetra Tech, Inc., gave a presentation based on a “mass balance analysis” which evaluated the District water system needs related to water storage versus new water supply. The presentation consisted of a model designed to prioritize the need for storage capacity and new wells. Based on costs of each modality, the model clearly showed that development of new wells and water supply was much more cost effective in providing enough water to satisfy the needs throughout the high demand summer months.

A lengthy discussion allowing attendees questions and input followed. Proponents of increasing water storage capacity before adding new wells were in agreement based on the presentation of the model.

Motion - to authorize the expenditure of up to \$1.3 million for the necessary improvements as described in Tanner Henry’s “mass balance analysis” for the expedient acquisition of the SH3 Well, Milk Ranch Well, and exploration of one deep test hole owned by PSWID including connections, permits, and testing – Richard

Second – Don

Board discussion with attendees’ input followed. Board members expressed their concerns related to the desperate need to secure new water sources, the amount of money needed for the improvements, and the District’s ability to pay back the loan amount from current revenues.

Vote 6 – 0 motion passed.

- c. Discuss and take possible action related to prioritization of short term system needs and goals.

Bill extended the previous discussion to include the cleaning and draining of reservoirs owned by PSWID. There are several maintenance needs in the short term including painting and general improvements to the system.

(10) **NEW BUSINESS**

- a. Discuss and take possible action concerning advertising for a permanent General Manager.

Bill Haney presented a drafted RFQ document to be posted advertising for a General Manager for PSWID. He indicated the Board should be prepared for the process to take as long as 4 to 6 months. Qualifications for the position were presented, and a salary range between \$65,000 and \$75,000 was discussed. It was suggested that the RFQ be posted on the AZ Water Website (an Arizona State professional organization) to minimize cost of advertising.

- b. Discuss and take possible action related to the acquisition of the CAP allocation.

Bill initiated the discussion of the CAP allocation. He discussed issues related BUI, and the potential cost to the District including taxes associated with acquisition of the CAP allocation. It was estimated the cost could be approximately \$500,000, and the District should investigate if acquired how the CAP allocation could potentially be used to trade for other water rights.

Motion to table the discussion until a future meeting – Richard

Second – Don

Vote 6 – 0 Discussion tabled.

- c. Presentation by Jim Hill concerning his proposal to lease his well to the Pine Strawberry Water Improvement District.

Jim Hill nor anyone representing him were present at the meeting.

It was determined that the Board would meet on Saturday February 20, 2010 at 2:00PM to address PSWID Board Rules and Regulations.

(11) CALL TO ADJOURN

Motion to adjourn – Tom
Second – Mike
Vote 6 – 0 Meeting adjourned.

Reports Available directly from PSWID by request for February 18, 2010

1. *File # PSWID – Treasurer's Report- Mike Greer– 02/18/2010*
2. *File# PSWID – Mass Balance Analysis Presentation- Tanner Henry-Tetra Tech – 02/18/2010*
3. *File# PSWID – Submitted Bids for District Backhoe purchase– 02/18/2010*
4. *File# PSWID – RFQ Document for District General Manager – 02/18/2010*