

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

MINUTES

Regular Board Meeting – December 16, 2010

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 7:30PM by Gary Lovetro - Chair

2) PLEDGE OF ALLEGIANCE

3) ROLL CALL

Board Members Present:

Gary Lovetro
Ron Calderon
Mike Greer
Richard Dickinson

(Tom Weeks-absent)
Don Smith
Mike Claxton

There was a Quorum – 6 Board Members present.

Also Present:

Dan Stephens CH2MHill District Manager
Rob Kuta CH2MHill Regional Vice President
Number of public attendees not noted.

4) APPROVAL OF MINUTES

a. Regular Meeting October 21, 2010

Motion to approve Regular Meeting minutes – Don
Second – Ron

Vote 6 – 0 Motion passed.

5) FINANCIAL REPORT

Mike Greer, Treasurer, presented the financial report for the period ending November 30, 2010. The District cash flow in (revenue) was \$84,885.02 plus Capital Draws on Line of Credit this FY of \$514,792.97 and \$0.00 from Tax Levy totaled cash in (revenue) of \$599,677.99. Total cash out was \$533,839.43 resulting in a net cash flow for the period of \$65,838.56. Total Bank balances equaled \$709,848.51. The entire financial report will be posted on the District web site.

Sam Schwalm submitted a blue card to speak on agenda item #5 (Financial Report). He asked a question related to the procurement process and the District purchase of Shaffer Water Management assets. Gary Lovetro determined that the question did not relate to the financial report just presented, and was therefore a non-agenda item. Gary did offer that the purchase was included in the FY Budget, and that proper procurement procedure was followed. Beyond that he could not respond to a non-agenda item question.

Gary reviewed the procedure to follow using the blue cards at meetings to request to speak to an agenda item or make comments on non-agenda items.

6) DISTRICT MANAGER REPORT

Danny Stephens the CH2MHill District Manager gave an update of District activities to the Board. He initially commented on the transition process of bringing the PSWID District staff on as employees of CH2MHill. He

mentioned that the process was going smoothly, and that CH2MHill Human Resource representatives, company safety people, and water distribution people had all been in to provide orientation to new staff. The staff received presentations on CH2MHill employee benefits, and the safety orientation involved distribution of Personal Protection Equipment to field staff including steel toed boots, hard hats, gloves, eye and ear protection, and reflector vests.

CH2MHill maintenance people have initiated the computer maintenance management system. All District assets requiring routine maintenance are entered into the program to track scheduled maintenance on items such as pumps and motors.

The SH3 well has closed escrow and is now connected to the system and in service.

A 30 day performance test has been completed on the Milk Ranch Well. This performance test involved testing the water quality of the well at different rates of flow from 50gpm up to 125gpm. Danny indicated that the well "settled in" nicely at 85gpm with a turbidity of about 4. Management is waiting on final hydrologist and engineering reports that will provide information on cost and how to proceed on developing the well.

Rob Kuta, CH2MHill Regional Vice President was introduced and he addressed the Board. He has been an Arizona resident since 1982, and currently resides in the Valley. He confirmed that transition of staff has gone well, and emphasized the importance of safety for employees at CH2MHill. He also indicated that a top priority of CH2MHill is the public's health and safety.

Gary Lovetro indicated that since the SH3 well has been put into service the District has been able to turn off the Strawberry to Pine pipeline, and reduce the volume of water needed from some of the previous well sharing agreement wells. This has resulted in a significant reduction in electric energy costs. He also indicated that preliminary reports on the Milk Ranch Well indicate that it might be possible to connect the well to our system at 85gpm without the need for expensive filtration.

Pam Mason asked a question related to the engineering report on the Milk Ranch Well. She wanted to know when final and made public would the report include information on the potential and frequency of having to replace pumps and motors. It was explained that the report would recommend a production rate that would minimize sanding and therefore minimize the need to frequently replace pumps and motors.

Sam Schwalm asked a question related to sanding of the Milk Ranch Well and having to run it constantly to keep the water clean. Danny Stephens declined to comment, and indicated that sanding of the well would be covered in the final engineers report when received.

Sam also asked a question related to the SH3 well and how contractually water "parity" for the District and Strawberry Hollow could be achieved. What is PSWID's requirement to "share" water with Strawberry Hollow? Gary Lovetro gave a brief explanation. There is no water sharing agreement. PSWID owns the well and water coming from the well into our system. There are meters at each end and water can be measured and sold between the Districts at the prevailing wholesale water rates.

7) BOARD REPORTS

Gary Lovetro reported to the Board and public attendees by reading into the record the final results of the November Water Board Election as required by the Gila County Division of Elections.

Michael Greer	908 votes
Mike Claxton	871 votes
Ron Calderon	864 votes

Based on this final vote total these three individuals won election to the PSWID Board for the next 4 years. Gary congratulated all three and welcomed them on the Board.

Gary announced that two committees previously formed by the Board had completed their duties and were ended. He thanked Mike Greer and Ron Calderon for their work on the RFP Committee and Don Smith and Gary Lovetro as members of the Personnel Committee. Both of these committees are no longer needed.

Gary reported on a letter of "Thanks" sent by the Portals IV Water District to the Pine Strawberry Fire District and PSWID thanking all for their efforts in connecting the fire hydrant in Portals I and II area. Additionally thanks went to Dean Shaffer for his efforts related to the installation project.

Richard Dickinson reviewed for the Board highlights of a "Redistricting/Bailout" meeting sponsored by Gila County for elected officials in the county. Gila County will attempt to achieve "Bail-out" status to be exempt from Section 5 of the 1965 Federal Voting Rights Act. This process and the Redistricting process required by the 2010 Census are complex and will be addressed by the County over the next year or so.

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

Sam Schwalm asked that the PSWID Rules and Regulations be published on the District Website. Gary Lovetro indicated that it was decided by District Management and the PSWID attorney not to publish the 81 page document on the website. The Rules and Regulations is a public document and can be obtained by submitting the proper request form.

Forrest McCoy asked questions related to the District purchase of Shaffer Management Company assets and if the purchase was included in the FY Budget. He also asked that it be addressed at a future meeting. He also questioned the contractual arrangement concerning CH2MHill and the former District employees.

9) OLD BUSINESS

- a. Discuss and take possible action related to implementation of a "meter replacement program."

Ron Calderon asked that the District evaluate 20 to 30 meters in one of the older areas of the District to see if replacing the meters would significantly improve leakage and false reading issues. Board discussion followed. Gary mentioned that management had applied to WIFA for matching funds to address such issues. CH2MHill will be reviewing meter conditions and will be making recommendations related to meter replacement as a routine part of their management responsibility. It was decided the Ron would meet with the District Manager to evaluate a small number of meters in a given area.

- b. Discuss and take possible action related to acquisition of the Solitude Trails Domestic Water Improvement District.

Sam Schwalm commented that he felt there was no need to acquire the Solitude Trails District since we already have access to the water.

Pam Mason commented on the original agreement between Solitude Trails and Brooks Utilities. She reminded the Board that in that agreement when the last lot was sold in the development the Solitude Trails Water District would be turned over to the Brooks Utilities system. Given that the current Board eliminated that part of the agreement when new water sharing agreements were signed, she felt it an insult to the community for STDWID to petition the Board to purchase their water district or for the Board to consider such a purchase.

Ron Calderon indicated he feels that the acquisition would be worth the effort based on the additional revenue produced and the elimination of having to pay for water sharing. He also mentioned that the STDWID has good potential deep well drilling sites. Board discussion followed. The consensus was to allow CH2MHill time to develop a Master Plan for the District, and then evaluate the need and potential value of such an acquisition. Gary asked Ron to join Don Smith and participate on the Supplemental Water Committee.

10) NEW BUSINESS

- a. Discuss and take possible action related to installation of water meters for government and other special accounts.

Mike Greer opened Board discussion on this issue. A 501C3 organization the Pine Strawberry Horseman's Association would like to bring roping events to Pine. They currently have a lease to use the County Service Yard in Pine and need a water meter. Mike requested that the Board install a meter at cost to give the Horseman's Association a cost break given that such events would benefit community businesses. Board discussion followed. It was suggested that such situations be handled on a "case by case" basis.

Motion to install a water meter for the Pine Strawberry Horseman's Association at District cost – Mike Greer
Second – Ron

Vote 6 – 0 Motion passed.

Gary asked Danny Stephens, CH2MHill District Manager to develop a policy for the District to address meter installation for such accounts.

- b. Discuss and take possible action related to the 2011 PSWID Regular Board Meeting schedule and timing of posting the meeting agenda.

Ron Calderon opened discussion. He indicated that with CH2MHill as our management company dealing with day to day operations of the District, there has been a decrease in the amount of business requiring Board attention. Therefore he suggested that the PSWID Regular Board Meeting schedule for 2011 continue to hold meetings the third Thursday of the month, but schedule Regular meetings every other month. He suggested that the Board could call a Special Meeting whenever needed. Gary reminded the Board and Public attendees that the purpose of having a Regular Board meeting is to "conduct Board business." Regular meetings are not scheduled just to inform the public of what's been going on in the District. As the Board conducts PSWID business, informing the public becomes a benefit of meetings. District Board members offered their comments. It was recommended that the District Manager post public information updates on the District Website monthly or on a regular basis.

11) CALL TO ADJOURN

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

Reports Available directly from PSWID by request for December 16, 2010

1. *File # PSWID – Financial Report- PSWID– 12/16/2010*