

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Meeting

Thursday October 24, 2019 at 6:00 p.m.

PSWID Administrative Office

6306 W Hardscrabble Rd.

Pine, AZ 85544

1. CALL TO ORDER

Alan Kleinman called the meeting to order at 6:00 p.m.

2. PLEDGE OF ALLEGIANCE

Led by Alan Kleinman

3. ROLL CALL OF BOARD MEMBERS

Conducted by Alan Kleinman: Board members present: David Wilson, Sharon Hillman, Alan Kleinman, and Larry Bagshaw. A quorum was present. Forrest McCoy and Bob Arbuthnot were present via phone. Cato Esquivel the district manager was also present. Riley Snow, the district's attorney was also present by phone.

4. PRAYER Offered by Larry Bagshaw

5. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETINGS:

September 19, 2019: Sharon Hillman moved that the minutes be approved. David Wilson seconded the motion. It was approved unanimously.

October 3, 2019: David Wilson moved that the minutes be approved. Forrest McCoy seconded the motion. It was approved unanimously.

6. REPORTS TO THE BOARD

- A.** District Attorney's Report – OMI had a deposition with Greer today. Sigeti's was postponed. There will be a settlement conference with OMI on October 30.
- B.** Chairman's report- As posted to the website.
- C.** Treasurer's report – As posted to the website.
- D.** Secretary's report – Larry Bagshaw provided a copy of the Gila County Open Meeting Law training manual to the office staff to copy for use in the office.
- E.** District Manager's Report –As posted to the website.

7. CALL TO THE PUBLIC

None

8. OLD BUSINESS

- I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION, AND FUNDING OF CAPITAL PROJECTS.** Presented by Paul Hendricks. This report is posted to the website.
- II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE LAWSUIT AGAINST OMI .** Riley Snow/Alan Kleinman. Per the discussion in the executive session preceding this meeting, a motion needs to be made for the board to authorize Alan Kleinman to appear and negotiate in behalf of the district in the settlement meeting regarding the lawsuit against OMI on October 30, 2019 and also bind the board to any negotiated settlement per the intent of the board. An alternate, David Wilson or Forrest McCoy, would also be authorized to appear at the meeting in the board's behalf if Mr. Kleinman cannot attend. Forrest McCoy moved that this motion be approved. David Wilson seconded the motion. The motion was approved unanimously.
- III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING A GRANT/LOAN APPLICATION WITH THE USDA.** Sharon Hillman. Sharon has provided the staff access to the application website, so that they can complete the remaining items.
- IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE INCLUSION OF PONDEROSA WATER COMPANY INTO PSWID.** Cato Esquivel. Prior to the meeting, Ponderosa Water did not supply any of the requested documentation. Cato did a non-binding cost estimate to do a temporary tie-in to the Ponderosa Water Company, but it currently remains confidential for board members only. Albert Hunt polled his customers as to their preferences. Of the 54, 27 wanted PSWID service. 15 wanted to stay with Ponderosa, and 12 did not respond. Albert provided the Articles of Organization for Ponderosa Water LLC only at this meeting. The discussion covered the information Mr. Hunt still needs to provide PSWID. He needs to provide financial records, including profit/loss statements, tax records, and bank statements. We also need information on his loan with Chase Bank and if it affects Ponderosa Water or him personally. Albert claims he will absorb the debt himself. He also needs to provide operating records such as well production, water quality reports, procedures for new customers, and operating procedures. We also need written poll results with the customer name, service address, which water service they want, and their signature. Some of the Ponderosa customers are requesting PSWID service from the district manager and he has been asking for a hold harmless letter from the customers. It was also suggested that Mr. Hunt abandon Ponderosa Water Company, so that ADEQ can provide financial aid to PSWID to take over Ponderosa Water. ADEQ has supplied a list to Mr. Hunt as to things he needs to do. He needs to let them know he cannot do them. The necessary documentation should be supplied to Mr. Esquivel to relay to the lawyer. Larry Bagshaw moved that this item be tabled until the documentation is received from Mr. Hunt. Forrest McCoy seconded the motion. The motion carried unanimously.

- V. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING ADDITIONAL PRINCIPAL PAYMENTS TO COMPASS BANK AND ANY PREPAYMENT PENALTY THAT MAY BE DUE WHEN THE PAYMENTS ARE MADE.** Sharon Hillman. Since the federal interest rate is staying below the District's interest rate with Compass Bank, it appears the prepayment penalties will continue. Sharon recommends that the District continue to make the \$100,000.00 additional principal payment and pay the fees out of the payment. When the October payment is made, a prepayment penalty of \$3731 will be deducted from the total payment, which makes the principal payment \$96,269. Should the penalties exceed \$5000.00, the district should have further discussion about it. Bob Arbuthnot moved that the district continue the quarterly additional principal payments if the penalty remains below \$5000.00. David Wilson seconded the motion. The motion carried unanimously.

9. NEW BUSINESS none

10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON NOVEMBER 21, 2019.

- I. WIFA update.
- II. Ponderosa Water Company update.
- III. RAGHT representative changes.
- IV. Employee handbook changes concerning Christmas Eve and PTO for part time employees.
- V. Need to publish requests for new board member to finish Sharon Hillman's term.
- VI. Possibility of hiring CPA

11. MOTION TO ADJOURN. Sharon Hillman moved the meeting be adjourned. David Wilson seconded the motion. The motion carried unanimously.