

Blue Ridge Domestic Water Improvement District (BRDWID)
Minutes of the Regular In Person Board of Directors Open Public Meeting
April 16, 2022, at 10:00 a.m.
Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ 86024
Call-in number: 630424-4734; Toll free: 800-920-7487, PIN 76217278

1. Call to Order

Chairman John Ritter called the Blue Ridge Domestic Water Improvement District Board of Directors regular in person open public meeting to order at 10:01 a.m. and announced that call-in numbers had been published in the April 16, 2022, Meeting Notice.

Member Roll Call: John Ritter, Ronald Krug, Sue Davis, Mike Bourne, and Paul Schmidt were present in the meeting room.

Quorum: John Ritter determined that five of five members present constituted a quorum to conduct business.

Those present who signed the attendance sheet:

Dave Wang, Pine Canyon Lot 80

David R. Peters, SPR Lot 16

Becky Pettit & Frank Pettit, SP Lot 366

B G Dahlgren, SP Lot 145

Mike Payne, SP Lot 304

John Motley, SP Lot 427

Dan Beat, SP Lot 596

Monty Counsell, Tamarron Pines Lot 103

Those present on the phone:

Brian Willia, SP

Matt Porter, SPR

Rhonda Williams

Keith Greiner, SPR

Randy Wood

Laird & Jeri Mason

2. Accept Agenda as Presented

John Ritter suggested that Executive Session Agenda Item 6.A. "Discuss legal issues involving Arizona Corporation Commission and purchase of Starlight Water Company Assets" be moved to Open Meeting Session 5.A.

Motion: Amend Agenda as presented by moving Agenda Item 6.A. from Executive Session to Open Session 5.A. and Approve Agenda as amended. **Action:** Approve. **Moved** by Mike Bourne.

Seconded by Sue Davis. **The Motion Passed unanimously.** Ayes: 5 No's: 0

3. Call to the Public for Items not on the Agenda.

David Wang asked if a person did not submit an affirmative petition to be in the District but erroneously ended up in the District, why does that person have to petition to Opt Out of the District? Matt Porter added: is the County the authoritative source for people who are classified as in or out of the District even though the County has property tax records and maps that sometimes don't correspond with records.

Sue Davis added that Coconino County Assessor was auditing their records in relation to the Board of Supervisors June 29, 2020, Resolution.

Mat Porter suggested that the District reach out to the County to get those audit results.

Mike Bourne responded that the District was researching that issue.

Randy Wood added that the Coconino County Assessor's Office told him yesterday that they had finished their audit.

Board Member Ronald Krug believed that future agenda items for discussion should not be combined into one topic but addressed separately as they were suggested.

4. Consent Agenda Items

A. Motion: Approve the DRAFT Minutes of the March 19, 2022, Regular Public Meeting. **Action:** Approve. **Moved** by Sue Davis. **Seconded** by John Ritter.

The Motion Passed Unanimously. Ayes: 5 No's: 0

- B. Motion:** Approve the DRAFT Minutes of the March 28, 2022, Telephonic Public hearing.
Action: Approve. **Moved by** Sue Davis. **Seconded by** Mike Bourne.
The Motion Passed. Ayes: 4 No's: 0 Abstention: 1. John Ritter abstained as he was absent from the meeting.

5. Regular Agenda Items. The Board may discuss, consider, and act on these matters separately.

5.A. Discuss status of purchase of Starlight Water Co assets and legal issues involving Arizona Corporation Commission and purchase of Starlight Water Company Assets.

John Ritter presented for discussion and approval a BOARD POSITION STATEMENT of The Board of Directors of the Blue Ridge Domestic Water Improvement District and asked Board Members if they had reviewed the document. Sue Davis answered, yes, and asked if John should read it into the record or if it could be attached to the Minutes of this meeting. John Ritter responded that it should be attached to the Minutes because we might be making some changes as we go through this.

Mike Bourne wanted to clarify that interveners in Arizona Corporation Commission (ACC) language means anyone who has filed and been approved to intervene in the proceedings. We don't want to infer that folks who are supporting the purchase of Starlight Water Assets are interveners. We should insert "opposing" in front of the word "interveners" in paragraphs 7, 8, 9, 10, 11, 12, and 13.

Matt Porter stated that changing the wording was bit necessary. Many of the Interveners are not opposed to the District. Using the term opposing Interveners is a form of tribalism.

Mike Bourne responded that the Board was stating the Board's position to get the sale done as soon as possible. By using the term "opposing Interveners" the Board is recognizing that not all Interveners are opposing the sale of Starlight Water assets to the BRDWID. The Board did not file, the Board's attorney filed on behalf of the Board.

John Ritter this document is a statement of the Board.

Mike Bourne requested that paragraph 3 be changed to read: Any increase in the WIFA Loan interest rates or the revised terms of the WIFA Loan could result in increased payment obligations for the District.

Motion: Board accepts the revised Board Position Statement that is intended to be filed with the Arizona Corporation Commission in support of the sale of Starlight Water Assets to the Blue Ridge Domestic Water Improvement District. **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Ronald Krug. **The Motion Passed unanimously.** Ayes: 5 No's: 0
John Ritter said he would sign this Statement and send it to Riley Snow, the BRDWID attorney.

Mike Bourne reported that the next ACC meeting would be a procedural hearing on May 10, 2022. Our attorney will file and reference this statement on our behalf.

5.B. Discuss Coconino County Elections and Approve a Resolution to reimburse the Coconino County Elections Department for the cost of a 2022 Board election

Sue Davis apologized to Members attending the meeting on the phone that Election documents for Agenda Item 5.B. were inaccurately posted on the BRDWID meeting web page as 6.B. due to a numbering glitch.

Mike Bourne led a discussion regarding the Coconino County election process as it applies to nominating candidates and voting for BRDWID board members and reviewed the documents posted on the BRDWID web page for this meeting:

An Overview of the Election Process,
Information on Running for a Seat on the BRDWID Board,
A Sample Non-Partisan Nomination Petition,
Nomination Paper Declaration of Qualification,
Signature Requirements for 2022 Coconino County Special Districts,
A Nonpartisan Nomination Petition,
An Arizona Committee Campaign Finance Report, and
Offices in Coconino County Up for Election in 2022 (subject to change).

Two BRDWID Board positions held by Ronald Krug and Sue Davis are up for election in November 2022.

Sue Davis pointed out that the actual language in the Board of Supervisor Resolution states that the interim appointees "... will serve until elections are held."

Mike continued that if there were no candidates, there could be no election, and the Board would have to appoint a replacement for an interim member who chose to resign. He had been lobbying a few folks to become interested in running for the board. The window for candidates to file a petition to run for the board is June 13-July 11. October 11 is the last day to register to vote in the November 8 general election. Early voting in the general election begins on October 12 for the November 8 general election. November 4 is the last day of in person Early Voting in the November 8 general election and November 8 is the general election day. Anyone interested in running for the BRDWID board would have to file and solicit at least five signatures from qualified voters, meaning registered to vote in Arizona and a property owner in the District, to be on the Ballot. It is a little difficult to register to vote in the BRDWID Special District if you are a part-time property owner in the District and registered to vote in the General Election in the County of your primary residence. If there are no candidates on the Ballot, the Board can elect to appoint a replacement for an interim board member who resigns. All of this information is on the Coconino County Elections website. The Elections Department staff are a little uncertain about how this should happen. Other water districts in Coconino County hold their own elections. Mike's preference was to go through the A.R.S. Title 48 and County process. The BRDWID has 242 registered voters as of April 1 and grown by 29 since January. The state tries to push control of communities down to the lowest local level as much as possible. The counties have authority to oversee and take control of special districts when mismanagement occurs, but the counties do not manage the everyday operations of special districts.

Board Member Ronald Krug commented that other water districts do their own elections. He would like BRDWID to consider this as well and asked how many members were in the BRDWID. John Ritter and Mike Bourne, "at least 947 member lots." Ron continued that the District has over 900 members. 242 is not even close to the majority of members being represented. If BRDWID did its own elections, we could represent the membership better than following these County guidelines.

Sue Davis commented that the entitlement to vote in the District is based on property ownership. Owning property is how you become a member of the District. That method of voting is not equal to voting in general elections based on one voter one vote. The voting power in BRDWID should be based on the number of properties owned by a voter. You get more

votes if you own more lots in the District. Sue agreed with Ron because a BRDWID election is a property-based election and not a one person one vote election and she didn't think the County recognized that distinction. The BRDWID is more like a business model of a corporation with shares of stock. The corporation's voting power is based on the number of shares owned by investors.

John Ritter has a call into the Coconino County Elections Department for clarification about this issue.

Matt Porter commented that the pro argument for going with the County's voting methodology is to avoid potential litigation during an election. He didn't think the water district could afford litigation.

Keith Greiner commented that, just as a voter, he was confused about who can vote and how we go about voting. John Ritter responded that the board was working with the County to find out how this works. Mike Bourne added that according to Statute, the members of the Board are elected by qualified electors of the District defined as a registered voter in the state of Arizona and a member of the District. To be a member of the District a person must own property in the District. Keith questioned whether that was legal because it sounded like you were double dipping.

Ron Krug added that a person wanting to vote in a BRDWID election who is also registered to vote for the general election in another county must find a way to register to vote in Coconino County.

Mike Bourne explained that if you are registered to vote in a general election in the county of your primary residence, you can also register to vote in the BRDWID election where your secondary residence is located. Coconino County hasn't figured out how to carry this out.

John Ritter promised that the BRDWID will keep its members informed as these issues play out.

John Ritter reported that the Coconino County Elections Department is requesting that BRDWID pass a Resolution promising to pay elections costs of the 2022 BRDWID elections that will be about \$2.00 per voter. John Ritter read Resolution 2022-4-16 into the Record.

RESOLUTION 2022-4-16 ELECTIONS

AFFIRMING AND MEMORIALIZING THE MARCH 19, 2022, BLUE RIDGE DOMESTIC WATER IMPROVEMENT DISTRICT BOARD OF DIRECTORS APPROVAL AND AUTHORIZATION TO PAY TO THE COCONINO COUNTY ELECTIONS DEPARTMENT THE NOVEMBER 2022 COSTS FOR THE ELECTION OF TWO MEMBERS TO THE BRDWID BOARD OF DIRECTORS

WHEREAS, in the meeting on MARCH 19, 2022, the Board of Directors of the Blue Ridge Domestic Water Improvement District (BRDWID) authorized the reimbursement to the Coconino County Elections Department for the costs associated with the election of two members to the BRDWID Board of Directors in the November 2022 Election,

NOW, THEREFORE, IT IS RESOLVED AS FOLLOWS:

1. The Board of Directors of the Blue Ridge Domestic Water Improvement District (BRDWID) hereby affirms and memorializes the March 19, 2022, approval and authorization of payment to the Coconino County Elections Department for the November 2022 costs to elect two members to the BRDWID Board of Directors.

APPROVED AND ADOPTED this 16th day of April 2022.

John Ritter, Board Chair

Sue Davis, Clerk

Approved as to form and as being within the powers of the Board of Directors of the Blue Ridge Domestic Water Improvement District

Motion: Motion to approve Resolution 4-16-2022 Elections to pay the costs associated with Coconino County Elections Department to conduct the election of two Board positions whose terms end on December 31st, 2022. **Action:** Approve. **Moved by** Sue Davis. **Seconded by** Mike Bourne. **The Motion Passed unanimously.** Ayes: 5 No's: 0
John Ritter and Sue Davis signed Resolution 4-16-2022.

5.C. Discuss status of property owners opting in or out of the District

Mike Bourne reported that the District had received a few mailed requests from property owners to Opt Out and Opt In. One Opt In request didn't make it to this meeting's Agenda. Property Owners must submit a complete request. The 40-day count down until the Opt Out hearing begins with the postmark date on the request envelope.

Sue Davis reported that the Coconino County Recorder accepts only simple black and white documents for recording.

D. Discuss/Approve Revised Rules and Regulations and Resolution

Mike Bourne explained that the Board had approved the Revised Rules and Regulations at the March 19, 2022, Meeting but did affirm a Resolution into the Record at that time.

John Ritter read Resolution 2022-4-16 Rules and Regulations into the Record.

RESOLUTION 2022-4-16 RULES AND REGULATIONS

AFFIRMING AND MEMORIALIZING THE APPROVAL OF THE REVISED RULES AND REGULATIONS BY THE BLUE RIDGE DOMESTIC WATER IMPROVEMENT DISTRICT BOARD OF DIRECTORS AT THE MARCH 19, 2022, BOARD OF DIRECTORS MEETING

WHEREAS, at the Blue Ridge Domestic Water Improvement District (BRDWID) Board of Directors meeting on MARCH 19, 2022, the Board approved the revised BRDWID Rules and Regulations.

NOW, THEREFORE, IT IS RESOLVED AS FOLLOWS:

1. The Blue Ridge Domestic Water Improvement District Board of Directors hereby affirms and memorializes the Rules and Regulations approved on March 19, 2022.

APPROVED AND ADOPTED this 16th day of April 2022.

John Ritter, Board Chair

Sue Davis, Clerk

Approved as to form and as being within the powers of the Board of Directors of the Blue Ridge Domestic Water Improvement District (BRDWID)

Motion: Motion to approve Resolution 2022-4-16 Rules and Regulations. **Action:** Approve.

Moved by Sue Davis. **Seconded by** Mike Bourne. **The Motion Passed unanimously.** Ayes: 5
No's: 0

John Ritter and Sue Davis signed Resolution 4-16-2022.

6. Announcements

A. Future Meeting Date

May 21, 2022, Open Public Meeting, 1:00 p.m.

B. Future Regular Board Agenda Items

1. Suggested by David Wang, Pine Canyon: Discuss why does a property owner who did not submit an affirmative petition to be in the District but erroneously ended up in the District have to petition to Opt Out of the District 5?
2. Suggested by Matt Porter, SPR: Why is Coconino County the authoritative source for people who are classified as being IN or OUT of the District even though the County appears to have property tax records and maps that sometimes do not correspond with other records.
3. Financial Report, Mike Bourne, Treasurer
4. Discuss status of purchase of Starlight Water Co assets and legal issues involving Arizona Corporation Commission and purchase of Starlight Water Company Assets.
5. County Elections report back
6. Discuss a work session on long term strategies
7. Having a local BRDWID mailbox
8. Discuss Coconino County Elections that affect BRDWID

8. Adjournment

Motion: To adjourn. **Action:** Approve. **Moved by** Ron Krug. **Seconded by** Sue Davis.

The Motion Passed Unanimously. Ayes: 5 No's: 0

Chairman John Ritter adjourned the Open Meeting at 11:07 a.m.

Sue Ann Davis
Sue Ann Davis, Board Secretary and Clerk
Blue Ridge Domestic Water Improvement District

Prepared on: May 9, 2022

John Ritter
John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: May 21, 2022

Attached to these Minutes:

BOARD POSITION STATEMENT

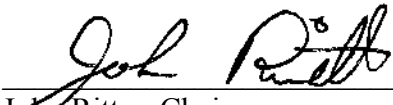
The Board of Directors of the Blue Ridge Domestic Water Improvement District

As discussed during its regular meeting on April 16, 2022, the Board of Directors of the Blue Ridge Domestic Water Improvement District presents its position on the pending proceedings before the Arizona Corporation Commission (ACC Docket No. W-02848A-21-0363), as follows:

1. It is in the best interests of the District and its ratepayers that the Corporation Commission hold a hearing as soon as possible on Starlight Water Company's Application for Approval of the Sale of Assets and/or for the Cancellation of the Certificate of Convenience and Necessity.
2. This is due, in part, to the forecasted rise in interest rates that will adversely affect the District's terms of funding to be secured through the Arizona Water Infrastructure Finance Authority for the purchase of Starlight's assets.
3. Any increase in the WIFA Loan interest rates or the revised terms of the WIFA Loan could result in increased payment obligations for the District.
4. Furthermore, the longer the Commission proceedings take, the more likely the District stands to forgo potential grant opportunities that provide additional funding at no obligation to the District.
5. Finally, the District continues to incur legal fees due to the extent of Commission proceedings which result in additional increased financial obligations for the District.
6. The Board is committed to participating in and cooperating with the Commission and its staff in order to bring these proceedings to a close as soon as possible.
7. Those opposing Interveners in the Corporation Commission proceedings who have requested a full evidentiary hearing have asserted objections against the formation of the District and the actions of the attorney for Starlight Water Company.
8. Starlight Water Company, through its attorney, has addressed these claims and the District has joined Starlight in its opposition to the opposing Interveners and their objections.
9. The proper authorities to address opposing Interveners' claims are the Superior Court of Coconino County, the Board of Supervisors of Coconino County, the State Bar of Arizona, and/or the Arizona Attorney General's Office.
10. To the knowledge of the Board, the opposing Interveners did not seek recourse from the above-named bodies or have sought recourse but been denied or not responded to.

11. Given that proper forms of recourse were (and remain) available to the opposing Interveners, the Board questions the necessity and propriety of the opposing Interveners' actions in the Commission proceedings.
12. The Commission does not have the statutory authority to resolve the objections of the opposing Interveners; therefore, the Commission should not expend time and resources addressing opposing Interveners' claims.
13. Accordingly, the Board encourages the Commission to dismiss the opposing Interveners' objections and rule on Starlight's Application as soon as possible.

CONSIDERED and APPROVED this 16th day of April 2022.



John Ritter, Chairman
Board of Directors
Blue Ridge Domestic Water Improvement District