

Blue Ridge Domestic Water Improvement District (BRDWID)
Minutes of the Regular In Person Board of Directors Open Public Meeting
May 21, 2022, at 1:00 p.m.
Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ 86024
Call-in number: 630-424-4734; 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 1:00 p.m. and announced that call-in numbers had been published in the May 21, 2022, Meeting Notice.

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

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, PC Lot 80

John & Patty Motley, SP Lot 427

Steve Premeau, SP Lot 274

B. G. Dahlgren, SP Lot 145

Carrie Langford, BRE Lots 38 & 193

Those present on the phone:

Jeanie and Keith Greiner

Laird & Jeri Mason, SP Lot 342

Brian Willia

Don Drew, SP Lot 588

Rhonda Williams

2. Accept Agenda as Presented

Motion: Accept Agenda as presented. **Action:** Approve. **Moved by** Sue Davis. **Seconded by** John Ritter. **The Motion Passed unanimously.** Ayes: 5 No's: 0

3. Call to the Public for Items not on the Agenda to be scheduled for another Meeting.

Mike Bourne requested there be a discussion at the next meeting about scheduling a Budget Workshop. John Ritter responded that the item would be on the Agenda at the next meeting.

4. Consent Agenda Items

A. Approve Draft April 16, 2022, and Draft May 7, 2022, Meeting Minutes.

The Minutes were presented with the following corrections.

Rhonda Williams and Laird and Jeri Mason were present at the April 16, 2022, meeting. Their names have been added to those in attendance at the April 16, 2022, Meeting and the Mason's Lot number has been corrected to 342.

Timothy and Rhonda Williams were not present at the May 7, 2022 Meeting. Their names have been removed from those in attendance at the May 7, 2022, Meeting.

Motion: Approve Minutes of the April 16, 2022, and May 7, 2022, Regular Public Meetings as presented with corrections. **Moved by** Sue Davis. **Seconded by** Mike Bourne.

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

John Ritter added that the approved Minutes would be posted on the BRDWID website.

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

5.A. Discuss status of the purchase of the Starlight Water Co. assets

John Ritter reported that the last step in the purchase of the Starlight Water Company assets was the Arizona Corporation Commission (ACC) approval of the sale. The Commission was responsible to ensure two things: 1. Whether the District is a fit and proper entity to take control of Starlight's assets and 2. Whether the transfer would have an adverse effect on service quality or operation of the utility. The process was on hold pending an Arizona Corporation Commission (ACC) Evidentiary Hearing.

A hearing had been held on May 10, 2022 with Administrative Law Judge (ALJ) Marc Stern presiding to determine how the ACC would move forward. A court reporter had not been available, so the ACC staff recorded proceedings which would then be transcribed from the recording at a later date and not verbatim. A future full evidentiary hearing had been granted to the Interveners on a date yet to be determined.

The Board discussed how continuing delays could have a fiscal impact on the District by adding legal costs which had not been budgeted and necessitating a rate increase. Board members believed that publishing a link to the ACC Docket would allow water utility customers to view the documents submitted in the case.

Motion: The BRDWID will publish a link on its website to Arizona Corporation Commission (ACC) Docket Number W-02848A-21-0363 regarding the sale of Starlight Water Company assets to the BRDWID. **Moved by** John Ritter. **Seconded by** Sue Davis.

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

John Ritter stated that the link will be placed on the BRDWID website.

5.B. Discuss Coconino County Elections Department Response

Mike Bourne reported that upon his request he had received the following email response from Coconino County Recorder Patty Hanson about how folks who own property in the BRDWID could register to vote, run for office, and vote in a BRDWID election.

Eligibility to vote in a Domestic Water District election is based on property ownership in the district or voter registration for eligible people residing in the district. The number of registered voters, 242, is the number of registered voters residing within the boundaries of the DWID. This number does not provide you the entire number of eligible voters for the DWID election because it does not include property owners that do not reside in the district or property owners that may not be registered to vote.

I've attached a set of procedures that I've received from Yavapai that explain how the DWID election is conducted. I cannot tell you the number of eligible property owners in the district because we won't know that until we request the list from the County Assessor's office. That will be done if there are enough candidates that file for an election to be held. The Elections Department will tell us that after the candidate-filing period ends.

Citizens that reside in the boundaries of the DWID and are not property owners can register to vote by going to www.servicearizona.com. They will be eligible registered voters for all elections in Coconino County.

Eligibility to vote in the Fire District election is based solely on being a registered voter residing within the boundaries of the district. Property ownership does not make a person eligible to vote for members of a fire district. This is different than the requirements to be eligible to vote in a DWID.

The Elections department is the county office that is responsible for conducting the elections for DWIDs and Fire Districts. I've copied Esdir Musta, Elections Director, on this email so you can direct your questions to him regarding the conduct of the election. His department is also the department that will be able to provide you the candidate information to run for a member of the board of directors for the DWID and the Fire District.

Mike Bourne reviewed the high points of Ms. Hanson's email. For Special Improvement Districts, a prospective voter must reside in the District in order to be registered to vote in the District and receive a Ballot to vote. To qualify as an elector a prospective voter must be registered to vote in Arizona and a property owner within that District's boundaries. The difference within the Special Improvement Districts between the Water Districts and the Fire Districts is that in the Fire Districts a prospective elector must reside in the Fire District but doesn't have to own property in the Fire District, whereas in the Water Districts a prospective elector must own property in the Water District in order to receive a ballot. The Election

Department has a process to filter these categories. Yavapai and Coconino Counties came together in 2021 and created the Yavapai Process when issuing Ballots. The Yavapai Process was attached as a supporting document for the meeting.

Ron Krug and Sue Davis questioned the validity of the Yavapai Process. Ron commented that two separate lists are made: One for those who reside in Coconino County and are registered to vote in the County and the other for those who own property in Coconino County, are registered to vote in Arizona but not in Coconino County. Ron said that prospective voters should not have to be registered in Coconino County to vote in a Coconino County Water District election. Mike Bourne responded that they do because of the attached Yavapai Process developed by Yavapai and Coconino Counties that dictates filtering. There are currently only 242 registered voters in the BRDWID. The Board and attendees continued discussion and came to consensus that the Yavapai Process disenfranchised water district property owners from their right to representation.

5.C. Discuss Financial Review of the District

Treasurer Mike Bourne presented a BRDWID General Journal Update on an Excel spreadsheet that reconciled with the BRDWID Checking Account. An ending Fund Balance on May 4, 2022, was \$3,948.93. Since the last report, BRDWID received two donations totaling \$700.00 and two \$7.50 Opt In recording fees. Mike reported that BRDWID was using a format compatible with Southwestern Utility Management's system so there would be a smooth transition when funds were transferred over.

An unidentified attendee asked how many accounts did BRDWID have?

Mike answered, only one.

Sue Davis noted for the record that BRDWID had taken two WIFA Loan withdrawals to pay for legal expenses while awaiting ACC approval of Starlight Water Company's sale of its assets to the BRDWID.

Mike Bourne added that the second legal invoice was larger than the first because our attorney had also reviewed BRDWID contracts.

In response to Ron Krug, Mike Bourne reported that BRDWID should receive the next legal invoice in June for a lesser amount than previously received.

In response to Sue Davis, Mike Bourne reported that BRDWID should entertain seeking other legal advice once the ACC decision was final.

5.D. Discuss implications of delaying the WIFA loan

John Ritter reported that he had contacted the Water Infrastructure Finance Authority (WIFA) of Arizona due to delays in getting ACC approval of the sale of Starlight Water Company assets to BRDWID. The WIFA loan interest rate is very low, less than 2%. John told WIFA that BRDWID would probably not be able to make the first loan payment in July 2022, as we were unable to do last year. WIFA agreed to defer the payment to next year and extended the first loan payment to July 1, 2023. This extension would allow the District to meet the requirement of paying the loan using water revenue money from the district while keeping the low interest rate and forgivable principle.

The fiscal impact of the new payment schedule may require a loan rate adjustment but would be dependent on final approval of the sale by the Arizona Corporation Commission. The terms and conditions were still the same other than the amortization schedule would now be down to 18 years. The first revision in January 2022 increased the annual payment by \$6,558.00. This delay and amortization schedule would increase the annual payment by \$13,853.00. Originally BRDWID was to pay \$152,097.00 a year. The annual payment in 2023 will be \$165,951.00 but the monthly cost per connection is not that significant.

John Ritter commented that the Board would review all of this during a future Budget Workshop. Delaying approving the sale of Starlight Water assets may increase water rates.

In response to Brian Willia, Mike Bourne reported that the WIFA Loan was for 20 years at 1.956%. The first payment was due July 1, 2022. WIFA staff suggested a deferment as well due to the delays at the ACC. Sue Davis added that the payments have to be from ratepayer water revenues.

5.E Discuss Coconino County Audit Results

John Ritter reported that the Coconino County Assessor had completed the audit of Lots in the Blue Ridge Domestic Water Improvement District (BRDWID) pursuant to Board of Supervisors Resolution 2020-43 and emailed the list to BRDWID Board of Directors. The County Assessor and the Board of Supervisors agreed that 995 lots were in BRDWID Tax Area 0506. The Assessor reported three discrepancies from the Board of Supervisors Resolution but did not identify them.

Mike Bourne consulted with the Coconino County Attorney's Office yesterday to clear up a question about why a property owner would have to petition to opt out of the District if that property owner had never submitted a petition to opt in. The county attorney stated that the Board of Supervisors Resolution 2020-43 creating the District is a legal, binding document. The Board for the Blue Ridge Domestic Water Improvement District cannot make changes to those findings or the Resolution and as such, we must follow Arizona Revised Statutes for boundary alteration requests. That means petitioning to exit a district if a property owner wants to leave a district or petitioning to enter the district if the property owner is not adjacent to any district boundaries and within the service area. That has to be our standard answer if issues about the District not being created correctly in the future. How that happened with certain property owners is between those property owners and Coconino County. It has nothing to do with this Board. This Board was established after creating the District to govern this District. We can work on anything—any issues—after the creation of the District, but how it was created and up to that point is between the individuals and Coconino County.

Mike Bourne wished that BRDWID had been created as a contiguous District instead of the fragmented District it is.

Taxes collected in a taxing district go to the County and are disbursed by the County through the district's budgeting process.

5.F. Discuss/Approve adding Starlight Pines Lot 37 to the water district

Sue Davis reported that Casey and Mary Alice Samsill, Trustees of the CYMA Samsill Trust, Owner of Starlight Pines Lot 37, first submitted a Petition to enter the District on March 10, 2022.

Mike Bourne reported that Lot 37 is adjacent to existing District boundaries so amending the District is a simple request. We have to prepare a Resolution and have it recorded.

Sue Davis responded that she had the Resolution prepared if the Board was ready to approve.

BLUE RIDGE DOMESTIC WATER IMPROVEMENT DISTRICT

RESOLUTION 2022-5-21

RESOLUTION AND ORDER FOR THE ADDITION OF PROPERTY TO THE DISTRICT

WHEREAS, Casey Y. Samsill and Mary Alice Samsill, Trustees of the CYMA Samsill Trust ("the Requesters"), owners of Starlight Pines Lot 37, APN 403-77-007 ("the Property"), submitted a Request with the Clerk of the Blue Ridge Domestic Water Improvement District ("the District"), asking that their Property be added to the District, pursuant to Arizona Revised Statutes Title 48, Chapter 6; section 1014 C.,

WHEREAS, the Board of Directors of the District has performed a records search with the Offices of the Coconino County Recorder and the Coconino County Assessor and confirmed that the Requesters are the legal Owners of the Property and that all Property Owners have signed the Request, and

WHEREAS, the Board of Directors of the District finds that the legal requirements for inclusion have been met and the inclusion of the Property within the District will promote the public convenience, necessity, and welfare;

NOW, THEREFORE, THE DISTRICT BOARD OF DIRECTORS RESOLVES that the Property described on the attached legal description is hereby declared to be included in the District.

The Board of Directors hereby directs that a copy of this Resolution be recorded in the Office of the Coconino County Recorder and that the Clerk of the District mail a copy of the recording of this order to the Arizona Department of Revenue, the Clerk of the Coconino County Board of Supervisors, and the Coconino County Assessor.

PASSED AND ADOPTED ON May 21, 2022.

By: _____
John Ritter, Chair

ATTEST: _____
Sue Ann Davis, Clerk and Secretary

Coconino County Parcel Number(s): APN: 403-77-007
Account: R0014595

Location	Owner Information
Situs Address 5027 MOONLIGHT DR City HAPPY JACK Tax Area 0506 - SD#5 FD BLUE RIDGE/WID-BLUE RIDGE DOMESTIC Parcel Number 403-77-007 Legal Summary Subdivision: STARLIGHT PINES UNIT 01 Lot: 37 Sixteenth: SW Quarter: SE Section: 31 Township: 15N Range: 12E Neighborhood 05.03 - STARLIGHT PINES-BLUE RIDGE-MOGOLLON RANCH-TAMARRON PINES-PINE CANYON - TIMBER RIDGE RANCH	Owner Name CYMA SAMSILL TRUST DTD 12-13-17 Owner Address PO BOX 787 HUMBOLDT, AZ 86329

Motion: The BRDWID Board of Directors approves Resolution 2022-5-21 to include Starlight Pines Lot 37 in the District. **Moved by** Sue Davis. **Seconded by** Ron Krug.

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

John Ritter confirmed that the Resolution had passed and the Samsill Trust would be added to the District.

6. Announcements

A. Future Meeting Date

June 2, 2022, Telephonic Opt Out Public Hearing, 4:00 p.m.

June 18, 2022, Regular Board Meeting, 1:00 p.m.

B. Future Regular Board Agenda Items

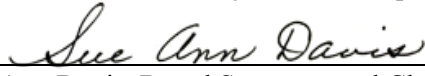
Budget Workshop

7. Adjournment

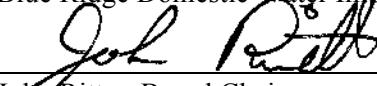
Motion: To adjourn. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Ron Krug.

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

Chairman John Ritter adjourned the Open Meeting at 2:10 p.m.


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

Prepared on: June 11, 2022


John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: June 18, 2022