

Blue Ridge Domestic Water Improvement District (BRDWID)
Regular Open Zoom Meeting Minutes
<https://us02web.zoom.us/j/81464168680>
January 23, 2021
9:00 a.m. – Regular Session

1. Call to order and roll call

Board Members Present: John Ritter, Sue Davis, Ronald Krug, and Paul Schmidt were present via Zoom.

Board Members Absent: Jack Beale III.

Members at Large Present: William Harris, Matt Porter, William Patterson, Dan and Deb Pirtle

Others Present: Patricia Birtwistle, Zoom Meeting Technician

Chairperson John Ritter called the Open Zoom Meeting of the Board of Directors to order at 9:00 a.m. and determined that four of five Board Members present constituted a quorum to do business.

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

No District Members at Large attending via Zoom requested to speak.

3. Consent Agenda Items

Motion: Discuss and vote on Consent Agenda Items separately. **Action:** Approve. **Moved by:** Board Member Sue Davis. **Seconded by:** Board Member Ronald Krug.

The Motion passed unanimously.

A. Authorize payment for web services

On behalf of the District, John Ritter thanked the Starlight Pines HOA for donating their Community Center and Zoom Meeting services to the District.

Motion: The BRDWID will establish a standard pro annual virtual meeting contract with Zoom Video Communications, Inc., in the amount of \$149.90 to conduct meetings for 100 logins.

Action: Approve. **Moved by:** Board Member Ron Krug. **Seconded by:** Board Member Paul Schmidt.

The Motion passed unanimously.

B. Approve DRAFT Minutes from the October 24, 2020, public meeting

Motion: Approve DRAFT Minutes from the October 24, 2020, public Zoom meeting **Action:** Approve. **Moved by:** Board Member Ronald Krug. **Seconded by:** Board Member John Ritter.

The Motion passed with three of four Members voting. Board Member Paul Schmidt abstained, as he was not a Member of the Board for the entire October 24, 2020, meeting.

C. Approve a Resolution to Authorize John Ritter to negotiate with WIFA to secure a loan

Motion: Approve a RESOLUTION OF THE BLUE RIDGE DOMESTIC WATER IMPROVEMENT DISTRICT (BRDWID) OF COCONINO COUNTY, ARIZONA, TO AUTHORIZE THE APPLICATION FOR A Clean Water State Revolving Fund LOAN FROM THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA and authorize BRDWID Board Chair John Ritter to apply on behalf of BRDWID for financial assistance in an amount not to exceed \$2,900,000 from revenues of the drinking water system. **Action:** Approve.

Moved by: Board Member Ronald Krug **Seconded by:** Board Member Sue Davis

The Motion passed unanimously.

4. Executive Session Items. None

5. Regular Agenda Items.

Motion: The Board will discuss, consider, and act on Regular Agenda Items separately. **Action:** Approve **Moved by:** Board Member Sue Davis **Seconded by:** Board Member Ronald Krug

The Motion passed unanimously.

A. Discuss status of offer to purchase Starlight Water Co

John Ritter reported that on December 31, 2020, BRDWID attorney Riley Snow had sent a response to Starlight Water Company's July 18, 2018, "Letter of Intent for Purchase of Starlight Water Company" to Steve Wene, attorney for the Starlight Water Company, stating that the BRDWID was now prepared to move forward with the purchase. John thanked Board Member Paul Schmidt for helping to define purchase parameters and said that BRDWID was waiting for a counter offer.

William Harris, BRDWID Member at Large in attendance via Zoom asked: Did we have a response from Starlight Water?

John Ritter responded that BRDWID had not received a response from the Starlight Water Co.

B. Discuss status of WIFA loan and general assistance available to the District

John Ritter reported that WIFA of Arizona had requested that the BRDWID Board of Directors approve a General Debt Authorization Resolution giving Board Chair John Ritter authority to apply for a capital improvement drinking water loan not to exceed \$2,900,000.00. The Board approved this action in today's Agenda Item 3C. The WIFA Board will meet in April 2021 to approve applications. The BRDWID application must be submitted in February 2021 to be on the April 2021 WIFA Agenda. WIFA also offers general and technical assistance regarding future projects.

C. Discuss proposed Rules and Regulations

John Ritter referenced a copy of Gila County's Pine-Strawberry Water Improvement District (PSWID) Rules and Regulations that he had sent to BRDWID Board members for review with permission of the PSWID. Sue Davis recalled that an attorney had advised the Board not to develop rules and regulations but to "simply follow the Statutes." John responded that if the District did not set up its own operational rules and regulations, the District would forever be re-interpreting everything. He believed that rules and regulations were an interpretation and tightening of the Statutes, determine action, and become public information for customers. Ronald Krug said the District Board needed to be organized with defined officer positions, roles, titles, and names, and be in agreement about the way the District went forward doing business. John Ritter said that he would send out Coconino County's Forest Lakes Domestic Water Improvement District (FLDWID) Rules and Regulations and Org Chart for Board review and comparison with the PSWID before the next meeting.

D. Discuss proposed Rate Structure

John Ritter reported that he had sent Board members a proposed BRDWID Rate Schedule mimicking the Pine-Strawberry schedule format and showing an increase in base fees, a rate decrease for using less water, and an increase for meter installations based on home value. The District cannot approve a rate schedule until it owns a water company and must inform Coconino County 10 days before rates are increased.

Paul Schmidt asked for Starlight Water Company's financials for November and December 2020, year-end cash, and four or five years of leakage information in order to plan for reserves.

E. Discuss response from Southwestern Utility Management, Inc.

John Ritter reported on his October 9, 2020, telephone conversation with Paul Juhl, Office Manager at Southwestern Utility Management, regarding answers to Ronald Krug's questions about "TBD charges" in their Agreement with the Starlight Water Company. John believes that Southwestern Utility Management, Inc., wants to be the water manager for BRDWID and provide the same services they now provide for Starlight Water: billing, accounting, payroll, etc. Paul Juhl is happy to meet with the District Board, but John told him the Board was not yet ready.

Paul Schmidt asked if Starlight Water Company's July 15, 2018, Letter of Intent required the District to contract with Southwestern Utility Management and did the District counteroffer that? John said that the District's December 31, 2020, non-binding response did not counteroffer the retention of Southwestern Utility Management and Lee Thompson for three years to ensure a smooth transition. John said Southwestern Utility Management had been doing a good job keeping Starlight Water in compliance with regulatory bodies. The District had enough to do and could benefit from Southwestern's management. Several Board members and an unnamed Member at Large attending via Zoom commented that Starlight Water's billing system could be improved. Ron Krug stated that the District needed a new contract with Southwestern Utility Management. John Ritter would ask Southwestern Utility Management to draft a new contract for the District identifying specifically what they would do.

F. Discuss proposed transfer of assets from Starlight Water Company to District
John Ritter tabled this discussion to a later meeting.

G. Discuss results of contacting federal and state government re identification numbers and related financial matters and voting law compliance

a. New Tax Identification Number and Financial Matters

John Ritter reported that attorney Riley Snow said the District would need a new TIN. He also recommended an accounting firm for the District to consider. Board members asked if Southwestern Utility Management Inc. performed accounting for Starlight Water Co. John Ritter said he believed they did.

John Ritter will send Sue Davis the District's ledger to assist filing a 2020 tax return for the Blue Ridge Water District and obtaining a new TIN for the newly formed District.

b. Voting Law Compliance

John Ritter reported that the Arizona Revised Statutes had been amended in 2006 to benefit Districts with a population of 10,000 persons or less to allow any natural person who is a qualified elector in the State of Arizona and a real property owner within the District to be eligible to vote in a District election without regard to that person's residency and shall be deemed a qualified elector of the District for purposes of service on the Board of Directors. The next BRDWID election for Board Members will be in 2022. The Coconino County Elections Department will mail election information to the District.

William Patterson, Member at Large attending via Zoom, asked: Can property owners registered to vote in Arizona outside of Coconino County vote for the Water District Board?

John Ritter will ask the Coconino County Elections Department if owners of property in the District who are registered to vote in Arizona outside of Coconino County are eligible to vote in District elections.

H. Discuss results of establishing a District bank account for operations

John Ritter reported that once the BRDWID had selected an accounting firm, the District would open a new bank account for operating as an authorized Coconino County Special District.

7. Announcements.

A. Future meeting dates.

After discussion with Board Members, Chair John Ritter set the next meeting for Saturday, February 27, 2021, at 9:00 a.m. by Zoom Meeting.

B. Future Board agenda items.

Items discussed under Agenda Item 5 will be updated at the next meeting.

Update on status of purchase of Starlight Water Co.

Update on status of Water Infrastructure Finance Authority (WIFA) of Arizona loan

Update on Rules and Regulations

Update on Rate Structure

Update on Southwestern Utility Management, Inc., Agreement with Starlight Water Company

Update on transfer of assets from Starlight Water Company to Blue Ridge Domestic Water

Improvement District

Update on Tax ID Number (TIN)

Update on Arizona voting law compliance

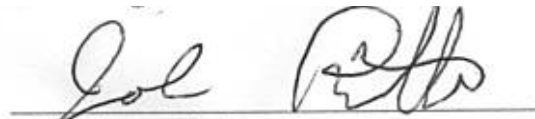
Update on BRDWID Bank Accounts

8. Adjournment.

Motion: Adjourn Meeting **Moved by:** Board Member Sue Davis **Seconded by:** Board Member Paul Schmidt **Action:** Approve

The Motion passed unanimously.

There being no further business, Chairperson John Ritter adjourned the meeting at 10:02 a.m.



John Ritter, Chairperson

Blue Ridge Domestic Water Improvement District



Sue Davis, Clerk

Blue Ridge Domestic Water Improvement District

Prepared on: February 6, 2021

Approved: February 20, 2021