

Blue Ridge Domestic Water Improvement District (BRDWID)
Minutes of the Regular Open Public Meeting
January 15, 2022, at 9:00 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 meeting to order at 9:03 a.m. and announced that the meeting would be held by telephone call-in only due to a recent outbreak of COVID-19 in Blue Ridge. The call-in numbers had been announced on the January 15, 2022, Meeting Notice.

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

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

Others present by telephone who identified themselves were: Laird and Jeri Mason, Dave Janecke, Brian Willia, Bud & Lisa Passerby, Dave Wang, John Motley, and Robert Campos who announced his attendance on the call at Agenda Item 6.C.

2. Accept Agenda as Presented

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

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

No members of the public addressed the Board regarding items not on the Agenda.

4. Consent Agenda Items

A. Motion: Approve the DRAFT Minutes of the December 18, 2022, Regular Meeting. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Sue Davis.

The Motion Passed Unanimously. Ayes: 4 No's: 0 Abstention: 1

Ronald Krug abstained from voting because he was absent from the December 18, 2022, meeting.

5. Executive Session Items

John Ritter reported there were no executive session items for this meeting,

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

6.A. Discuss status of purchase of Starlight Water Co assets

The BRDWID is waiting for the Arizona Corporation Commission (ACC) to approve the sale of Starlight Water Co. (SWC) assets to BRDWID. As of last night no meetings or hearings had been scheduled. Mike Bourne commented that he was on the ACC distribution list for any changes to the docket and that yesterday the ACC staff had filed their sufficiency letter and put that into the e-docket for control. He also said that the staff feels they have everything needed to move forward. They have up to 150 days for a substantive review that includes preparing a staff report, conducting any necessary hearings, and preparing their recommended opinion or order to the Commissioners at an open meeting. Within the next 150 days there is going to be a lot of activity. After 150 days, if it goes that long, the ACC will schedule the open meeting with the Commissioners and recognize their decision. So it's going to be a lengthy process, maybe into June or July before a hearing is scheduled. We need to talk to WIFA about how the 150-day timing will affect the WIFA loan. The 150 days can be reduced to only a month if staff has everything they need, but given the ACC calendar and staff workload, it looks like a hearing will be in 100 to 150 days.

John Ritter added that the BRDWID had filed a petition with the ACC stating that the District was able and willing to answer any questions asked but had not received any questions from the ACC.

In response to a question from Paul Schmidt, Mike Bourne reported that he had been keeping all current and potential future operators informed of the 150-day timeline and what to expect and when.

John Motley asked how many people are “for” or “against” the sale of SWC assets to BRDWID? Mike Bourne explained that a number of letters had been filed officially on this ACC docket both opposing and for, and that all those letters would be considered. He also said that the ACC staff had explained this lengthy process—now 60 days out from filing—to him. He explained that staff has to verify that the application is complete and that all background has been included. Staff looks at all filings and interventions including filers who have asked to support or oppose during a hearing. Both for and against letters and interventions have been filed. BRDWID attorney Riley Snow filed an intervention on behalf of the water District. Staff believes they have everything they need. Because there has been some opposition, staff will conduct any necessary hearings before putting together a Report, make a recommended Opinion based on the evidence, prepare an Order to the Commissioners, and schedule an Open ACC Meeting. Staff cannot talk about a specific case with anyone during the process and want to make sure the end users of the utility are not affected dramatically. If the water system fails or the owners just give up and stop operating the company, a number of folks would be hugely affected. ACC staff wants a water delivery system to continue. More people are for the District than against the District. The Board of Supervisors formed the District on June 29, 2020. It is a done deal. Our community needs to move forward.

6.B. Discuss / Approve allowing new parcels into the district

The District received a letter from Don and Hollie Drew, Owners of Starlight Pines Ranchettes Lot 114, Assessor Parcel Number 403-84-073, requesting to come into the Blue Ridge Domestic Water Improvement District.

Sue Davis believed the request contained all of the required information including a legal description of the property and signatures of all property owners.

Motion: Approve allowing parcel APN 403-84-073 to be included in the district. **Action:** Approve. **Moved by** John Ritter. **Seconded by** Sue Davis.
The Motion Passed unanimously. Ayes: 5 No’s: 0

Mike Bourne recommended that a Resolution bringing the property into the District be read into the Record. John Ritter read aloud into the Record the following Resolution adding APN 403-84-073 into the District.

BLUE RIDGE DOMESTIC WATER IMPROVEMENT DISTRICT RESOLUTION 2022-1-15

RESOLUTION AND ORDER FOR THE ADDITION OF PROPERTY TO THE DISTRICT

WHEREAS, a petition was filed with the Clerk of the Board of Directors of the Blue Ridge Domestic Water Improvement District (“District”), requesting that the property described in the petition be added to and included within the District, pursuant to Arizona Revised Statutes Title 48, Chapter 6, and

WHEREAS, the Board of Directors finds that the letter has been signed by the property owners and that a records search was performed to confirm this finding; and

WHEREAS, the Board of Directors finds that the public convenience, necessity and welfare will be promoted by the inclusion of the Property within the District and the legal requirements have been met,

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF DIRECTORS that the property described on the attached Exhibit A legal description and map is hereby declared to be included within and added to 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 this order to the Arizona Department of Revenue and to the Coconino County Assessor.

PASSED AND ADOPTED ON January 15, 2022.

By: _____
Chair

ATTEST: _____
Clerk and Secretary

Coconino County Parcel Number: APN: 403-84-073

6.C. Discuss status of AG open meeting law compliance

John Ritter reported that the BRDWID Board of Directors had received two complaints from the public filed with the Arizona Attorney General (AG) regarding violations of the Arizona Open Meeting Law (OML). Riley Snow, Esq., the District's Board of Directors attorney, responded to the AG on behalf of the Board and was awaiting the AG's response.

John Ritter asked Board members to notify him when would be a good time to schedule OML training with attorney Riley Snow. John commented and Mike Bourne and Sue Davis concurred that the OML online tutorials at the AG and Ombudsman websites were very good for getting a head start. John Ritter reported that Attorney Riley Snow had sent a legal opinion that the BRDWID could post complaints on the BRDWID website. John Ritter stated that posting complaints on the website would show how the District was spending funds on legal fees.

Robert Campos, identifying himself on the call for the first time, commented that posting complainants on the website without redacting personal identifying information would be an act of publically shaming the complainant and asked if the Board really wanted to do that?

Sue Davis responded that posting complaints on the website was a way to educate our members about different points of view.

Robert Campos persisted that if someone filed a complaint, their personal identifying information should be redacted.

Sue Davis recommended that the Board ask our attorney to broaden his opinion to include if a complainant's name should be redacted for posting.

Mike Bourne commented that from an HOA leadership experience in the Valley he learned that leaving identifying information off a complaint was wise when trying to develop a sense of community. He preferred leaving names off when publishing complaints.

Sue Davis and John Ritter agreed that Mike's comment was wise.

6.D. Discuss WIFA loan repayment. The current schedule has a loan payment due July 1, 2022.

John Ritter reported that on our current schedule the District has a WIFA loan payment on the principal due on July 1, 2022. Given the current 150-day lag in finalizing the ACC approval of BRDWID's purchase of SWC's assets, John will consult with our WIFA loan coordinator to come up with a plan and report back at the next BRDWID Board meeting.

Dave Wang asked what had happened to the interest and fee payments listed in the loan package repayment schedule that were due on January 1, 2022?

John Ritter responded that WIFA said there was no payment due because the District had not yet exceeded the loan's forgivable principal, but John will go back to WIFA and ask what happens if the ACC decision to allow BRDWID to buy the Southwest Water Co. assets occurs after July 1, 2022.

Mike Bourne commented that we should understand the loan's mechanics. The wording in the loan agreement seems to imply that the draws will come out of forgivable principal with no interest. But

are we accumulating interest? We may need to amend the Loan to reflect the actual purchase date of the assets because we won't have any revenue until the purchase date. John Ritter said he would go back to WIFA and ask about amending the loan to reflect the actual purchase date.

7. Announcements

A. Future Meeting Dates

1. February 19, 2022, Regular Open Meeting
(This date is also the deadline for the BRDWID to receive petitions from those who want to be excluded from the District.)
2. March 19, 2022, Open Petitioner Hearing or Regular Open Meeting,

In response to Ron Krug's question regarding elections, John Ritter reported that he had notified Coconino County that the BRDWID Board of Directors would have an election in 2022 and had provided the names of Ronald Krug and Sue Davis whose terms would expire in 2022. John believed it was up to Coconino County to move forward with elections, but BRDWID should post a notice on the website that the Board would have two open positions. Ron Krug believed we should post candidate qualifications to run for office as well as open positions.

Sue Davis reminded the Board that the Supervisors' enabling Resolution 2020-43 stated that "the interim Board of Directors ... will serve until elections are held." and commented that candidates would be needed for there to be an election.

In response to a question from Robert Campos, John Ritter reported that the Board had received his public records request and was working on a response.

In response to another question from Robert Campos about why the costs of opting in and opting out of the district were not borne equally, John Ritter said he would add an explanation for disparate costs of opting in and opting out of the District to the next meeting Agenda.

B. Future Board Agenda Items

- A. Discuss status of purchase of Starlight Water Co assets
- B. Discuss WIFA loan repayment
- C. Update on Elections
- D. Discuss / explain disparate costs for opting in and opting out of the District

8. Adjournment

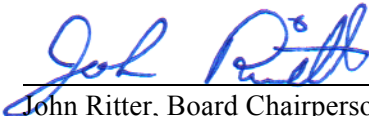
Motion: To adjourn **Action:** Approve. **Moved by** John Ritter. **Seconded by** Sue Davis.
The Motion Passed Unanimously. Ayes: 5 No's: 0

Chairman John Ritter adjourned the Open Meeting at 9:46 a.m.



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

Prepared on: January 31, 2022



John Ritter, Board Chairperson
Blue Ridge Domestic Water Improvement District

Board Approved on: February 19, 2022