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MANAGEMENT/CONSULTING AGREEMENT

This Agreement (“Agreement”) is entered into by Blue Ridge Domestic Water Improvement District, P.O. Box 19656, Happy Jack, AZ 86024 (“BRDWID” or “District” or “Board”) and HDJ Management, LLC (“HDJ”), 252 S. Sierra Vista Lane, Payson, AZ 85541.

Objective: The objective of this engagement is for HDJ, operating as the District Manager /Consultant, to assist the District Board to carry out its responsibilities for management of the District by thoroughly analyzing problems, creating strategies, recommending policies and organizational structures, and by pursuing activities necessary to reach day-to-day and long-run goals of the District. If the Board and HDJ can meet the long-term goals of providing adequate and reliable sources of quality domestic water, efficiently distributed to the properties, the District Members can hopefully control their own water destiny and be (a) highly secure in their property investments and the rights to utilize their residences, (b) on course to allow the District the opportunity to develop to its full potential, (c) more compatible in their relationships with each other and the various Homeowner Associations.

Methodology: This objective would be met by HDJ completing numerous management and advisory tasks related to (1) leading efforts to define problems and clarify issues, (2) determining facts related to the problems and issues, (3) determining potential alternative solutions to the problems, (4) determining desires of residents and property owners and support they may offer for the various alternatives, (5) communicating to the District Board the status of the situations, (6) recommending specific alternative solutions to the Board, (7) developing strategy for installing and following up on solutions or activities that are authorized or approved by Board to solve the various problems and issues, and (8) leading and supervising a staff of various possible or engaged employees, independent contractors, consultants, vendors, technical advisors, accountants, legal advisors, etc. necessary to carry out the District’s responsibilities and objectives.

Services: The activities necessary to provide the Board with prompt, accurate, and experienced judgment, aimed at meeting the above objectives are:

- Gain full control of the day-to-day ownership and operations of the installed water system by direct purchase of the operating assets of Starlight Water Co.
- If necessary, acquire financial resources to carry out plans and responsibilities of the Board.
- Engage part-time firms, independent contractors, or vendors (with approval of the Board) and directly supervise services of (i) all water system operator(s), (ii) administrative assistants or administrative firms for processing of billings, accounts receivable, accounts payable, budgeting, spreadsheets, records retention, customer interface, etc., (iii) an independent Certified Public

Accountant, (iv) a District legal counsel, and (v) other professional service entities or individuals.

- Approve vendor invoices and sign most District checks.
- Assist the District Treasurer with preparations of the District's annual budgets, with interim financial reports, and with relations with creditors. Assist the Board Secretary with review of proposed meeting minutes. Prepare special reports and monitor preparation of communications tools (website management, status reports, etc.).
- Work with the Board Chairman/Vice-Chairman to prepare final meeting agendas. Make required postings at locations within the District. Attend Board meetings and other special meetings requested by individual Board members and property owners.
- Assist with questions and communications from property owners.
- Represent the District's interest in various outside activities including relations with homeowners associations, Arizona Department of Environmental Quality, Arizona Department of Water Resources, Coconino County, other water districts, public utilities that serve the general area, local well owners, and the local fire department.
- Provide other periodic services as requested by the Board of Directors.
- Make periodic inspections of District facilities and property, and of work done by various vendors.

Consulting Fees and Other Costs: The above independent contractor services will be completed by Harry D. Jones. Some assistance and understanding of relationships of involved parties, verification of facts, approval of presentation materials, etc. will require the periodic assistance of various members of the District Board of Directors. HDJ acknowledges that no fringe benefits typically paid to employees are expected. Incurred District costs from HDJ will be:

- Retainer Fees as follows:
 - A retainer fee of \$4,050 per month for three months for a base hourly commitment of 54 hours per month.
 - A retainer fee of \$3,000 per month for three months for a base hourly commitment of 40 hours per month.
 - A retainer fee of \$2,025 per month for three months for a base hourly commitment of 27 hours per month.
- An hourly fee of \$75 per hour for all hours in excess of the base hours per month.
- District related travel time, meals, and lodging outside the greater Payson/Blue Ridge (AZ mileposts 245-306 on Highway 260) area will be billed at standard hourly rates and at documented costs as submitted on valid expense reports, subject to applicable IRS mileage and per diem expense allowances. Local cost of travel and meals within the greater Payson/Blue Ridge area, and expenses for day-to-day office supplies, telephone charges, etc. of the HDJ office (where most HDJ work will be completed) are included within the above HDJ hourly fees.

- Fees would be billed as of the last day of the month, payable by the 10th of the following month after approval by the District Treasurer or Chairman or their assigns.

Term of Agreement: HDJ and the District acknowledge this Agreement is for a minimum period of nine months, with automatic annual renewal for successive 12 month periods, payable at the rate of the third three month period. Long-run objectives and programs are expected to take several years to complete. The Agreement covers the activities of HDJ for management/consulting services from _____ forward. After the initial nine month period, this Agreement may be cancelled by either party upon 60 days written notice to the other party at the addresses shown above.

Other Provisions: The parties agree to maintain normal commercially available property and casualty, general liability, and director and officer liability policies that protect both the officers and directors of the District, including the District Manager.

The parties agree that this Agreement shall be governed by the laws of the State of Arizona and that any action to enforce the terms of this agreement shall be brought in Superior Court of the State of Arizona with venue in Gila County.

HDJ agrees and understands that its members, officers, and employees are not and will not become employees of BRDWID by virtue of this Agreement. HDJ agrees to comply with all state and federal labor, employment, worker’s compensation and wage and hour laws applicable to its Members, officers, and employees.

Failure of the BRDWID or HDJ to enforce, at any time, any of the provisions of this Agreement, or to request at any time temporary non-performance of the any of the provisions hereof, shall not be construed to be a waiver of such provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of the BRDWID or HDJ to enforce each and every provision.

This Agreement is accepted and entered into this ____ day of _____, 2021.

**APPROVED FOR BLUE RIDGE
DOMESTIC WATER IMPROVEMENT DISTRICT**

**APPROVED FOR
HDJ MANAGEMENT, LLC**

By: _____

By: _____

Signature: _____

Signature: _____

(Printed): _____

(Printed): _____

Title: _____

Title: _____

Date: _____

Date: _____