

1. Call to Order, Roll Call, and Quorum

Chairman John Ritter called the meeting to order at 3:00 p.m.

Roll Call: John Ritter, Sue Davis, and Paul Schmidt were present in person. Ronald Krug and Mike Bourne were present on the phone. BRDWID Attorney Riley Snow joined by phone at 3:45 p.m.

Attendees present by Sign-in Sheet:

Laurie Hawke, Mogollon Ranch	Lot 221	Don Wetter, SP	Lot 608
Shannon Scott, SPR	Lot 37	Gail & Wes LaCrosse, SP	Lots 398 & 399
Richard Hall, BRE	Lot 29	Kevin & Lee-Ann McCoy, SP	Lot 213
David Peters, SPR	Lot 16	Matt Porter, SPR	Lot 10
David Janecke, SP	Lot 409		

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

2. Accept Agenda as Presented

Motion: Approve Agenda as presented **Action:** Approve. **Moved by** Sue Davis. **Seconded by** Ronald Krug. **The Motion Passed unanimously.**

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

No members of the Public presented Items to be placed on a future Agenda.

4. Consent Agenda Item.

No items were on the consent Agenda for approval.

5. Executive Session.

Motion: The Board shall move into Executive Session as set forth in A.R.S. §38-431.03. A. 1. - 9. to discuss or consult with BRDWID's attorney regarding:

1. The BRDWID purchase of the Starlight Water Company assets,
2. The BRDWID contracting with a utility management company,
4. The BRDWID having employees versus outsourcing the water system operation and management, and
3. The Arizona Attorney General's letter regarding a possible BRDWID Open Meeting Law violation.

Action: Approve. **Moved by** Sue Davis. **Seconded by** Ronald Krug. **The Motion Passed unanimously.**

Chairman John Ritter recessed the Special Open Meeting at 3:15 p.m. and moved the Board into Executive Session in the Starlight Pines HOA Office.

6. Chairman John Ritter re-convened the Special Open Meeting at 3:45 p.m. in the meeting hall. BRDWID attorney Riley Snow joined the meeting on the phone.

6.1. Consider approval of the purchase Agreement

Motion: Approve Resolution 10-19-2021 for BRDWID to purchase the Assets of the Starlight Water Company **Action:** Approve. **Moved by** Sue Davis. **Seconded by** Ronald Krug.

John Ritter read Resolution 10-19-2021 aloud into the Record.

Resolution 10-19-2021

APPROVAL OF ASSET PURCHASE AGREEMENT BETWEEN BLUE RIDGE DOMESTIC WATER IMPROVEMENT DISTRICT AND STARLIGHT WATER COMPANY, INC.

AND

AUTHORIZATION OF BOARD CHAIRMAN JOHN RITTER TO EXECUTE THE SAME AND TAKE SUCH OTHER ACTION AS NECESSARY TO EFFECTUATE COMPLETION OF THE ASSET PURCHASE

WHEREAS, in the meeting of the Board of Directors of the Blue Ridge Domestic Water Improvement District of October 19, 2021, the Chairman of the Board, John Ritter, presented for the Board's consideration the proposed Asset Purchase Agreement (the "Agreement") between the Blue Ridge Domestic Water Improvement District (the "District") and the Starlight Water Company, Inc. ("Starlight"), whereby the assets of Starlight would be sold and transferred to the District, as set forth in the Agreement; and

WHEREAS, the Board discussed and considered the Agreement between themselves and with the District's legal counsel in executive session;

WHEREAS, after due consideration, the Board approved the Agreement and authorized the execution of the same;

WHEREAS, the Board determined it reasonable and necessary to authorize the Chairman, on behalf of the Board, to execute the Agreement along with such other related documents as necessary to effectuate the transfer of Starlight assets to the District;

NOW, THEREFORE, IT IS RESOLVED AS FOLLOWS:

1. The Board of Directors of the District hereby approves and authorizes the execution of the Agreement in the form it was presented to them in the above referenced meeting;
2. Chairman of the Board John Ritter is hereby authorized to execute the Agreement, as presented and approved by the Board at the above referenced meeting;
3. Chairman of the Board John Ritter is hereby further authorized to execute such other documents as are noted in the Agreement or otherwise required by the seller or escrow company to effectuate the transfer of assets contemplated under the Agreement.

APPROVED AND ADOPTED this 19th day of October, 2021.

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,

Riley S. Snow, Blue Ridge Domestic Water Improvement District Attorney

Discussion: John Ritter asked if anyone in attendance had questions or comments regarding the Resolution. Paul Schmidt remarked that there had been many iterations of this purchase agreement before today's final Resolution. Don Wetter asked if BRDWID was actually purchasing the Starlight Water Company? BRDWID attorney Riley Snow clarified that BRDWID was purchasing the assets of Starlight Water Co., not the Starlight Water Company.

The Motion Passed unanimously.

John Ritter announced that the Purchase Agreement and Resolution would be posted on the Website as soon as some of the required details had been inserted and Chairman John Ritter, Clerk Sue Davis, and Attorney Riley Snow had signed it.

6.2. Consider approval of the utility management company

Mike Bourne reported that BRDWID had prepared a Statement of Work (SOW) to use when comparing management company applicants. All three utility management company applicants were good companies, however one applicant did not offer a 24-hour emergency service contact for the BRDWID customer base and another applicant could not provide certified operator functions. SWUM was the lowest cost bidder and met all SOW requirements. Mike Bourne recommended that the BRDWID contract with Southwestern Utility Management (SWUM) be for one year because SWUM was familiar with Starlight Water Co. operations and had acquired new software that would improve billing. Mike Bourne added that any contract with SWUM should be reviewed by BRDWID's legal counsel. Mike Bourne also added that the BRDWID could have employees and also contract with a utility management company.

Motion: Approve a one-year contract with Southwestern Utility Management, Inc. (SWUM) **Action:** Approve. **Moved by** Mike Bourne. **Seconded by** Ronald Krug.

Discussion: Paul Schmidt recommended that because there had been past performance issues with Southwestern Utility Management, Inc. (SWUM), BRDWID needed to establish a process improvement plan. Mike Bourne replied that a process improvement plan between BRDWID and SWUM was already in the proposed Agreement. BRDWID would send the SWUM Agreement to legal counsel for review before execution.

An unidentified attendee on the phone asked if Southwestern Utility Management, Inc., would be renewing water rates annually. Mike Bourne responded that BRDWID was responsible for renewing water rates not Southwestern Utility Management.

The Motion Passed unanimously.

6.3 Consider having employees or outsourcing the water system operation and management

John Ritter reported that the Board had decided this item should not have been an executive session item. The Board would put out a decision matrix of options. John Ritter tabled the matter.

6.4 Discuss the Attorney General's letter regarding a possible violation of the Open Meeting Law

John Ritter reported that BRDWID Attorney Riley Snow had reported that Arizona's Attorney General had received an anonymous complaint that BRDWID had not supplied supportive documents to explain Agenda Items. Mr. Snow believed that the Open Meeting Law requirements applied to the BRDWID when the Coconino County Board of Supervisors created the District. Mr. Snow identified a number of State options for Open Meeting Law training and offered to provide the training himself to the Board. The Open Meeting Law required that BRDWID needed to post Notices of Public Meetings 24 hours in advance whereas the Board had been providing Public Notices 48 hours in advance. John Ritter and Mike Bourne reported that the BRDWID intended to join the Rural Water Association of Arizona (RWAA) after having attended the August 2021 RWAA Conference in Prescott, AZ. The RWAA offered training, information, and support for rural water systems.

7. Announcements

A. Future Meeting Dates

Motion: To set the next meeting date for Saturday, November 20, 2021, at 9:00 a.m. at the Starlight Pines Community Center, 2740 Arapaho Drive, Happy Jack, AZ **Action:** Approve **Moved by** John Ritter **Seconded by** Sue Davis **The Motion Passed Unanimously.**


B. Future Board Agenda Items:

1. Discuss status of offer to purchase Starlight Water Co. assets,
2. Discuss Elector Issues: who can vote for board members and how does the Coconino County notify the electors,
3. Discuss management contract status: can we post the signed contract on the website,
4. Discuss response to employment ads,
5. Discuss benefits of contract services or direct employment of operators,
6. Discuss process to limit water sales to non-residential consumers, and
7. Discuss Website subscription process and adding meeting attachments on the website to allow attendees to be informed before the meeting.

8. Adjournment

Motion: To adjourn **Action:** Approve **Moved by** John Ritter **Seconded by** Paul Schmidt **The Motion Passed Unanimously.**

Chairman John Ritter adjourned the Special Open Meeting at 4:30 p.m.



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

Prepared on: November 14, 2021
 Restated on: November 20, 2021

 John Ritter, Board Chairman
 Blue Ridge Domestic Water Improvement District

Board Approved on: _____