

Minutes of the Rim Trail Domestic Water improvement District Board meeting held at the Whispering Pines Fire Station at 10603 North Houston Mesa Rd. The meeting was held on November 23, 2013 at 10:05 AM

A quorum was present with board members Dick Johns, Don Nelder and Ray Tanner. Also present was the district's manager Harry Jones and 4 property owners within the district.

The minutes of the August 23, 2013 board meeting were unanimously approved.

Officer's reports: Treasurer Ray Tanner made a few remarks saying that the we are on budget for the year so far.

★ Immediately after adjournment Dick Johns submitted his resignation from the board. Dick Johns had previously notified the Board he will no longer be eligible to serve on the Board as the property he and his family own in Rim Trail is scheduled to be sold on November 27, 2013. The board received a letter of interest from property owner Gary Cabaric to fill that newly created vacancy. After a brief review of Gary's letter and a statement from Gary the board voted unanimously to accept Gary on the board effective immediately subject to him being sworn in with the Loyalty Oath of Office.

Ray Tanner led the discussion regarding the Salt River Project involvement in the water supply from the river for our water district. He said that in a preliminary communication with SRP they stated that our water district does not have "water rights" but acknowledged we do have "water claims". Dick Johns pointed out that we should not worry about the distinction between the two terms because the issues are being adjudicated in court for water claims throughout Arizona. At Don Nelder's request, Harry Jones will provide, to Ray Tanner, the data from his former work on the water rights issue for the district. The board approved Ray to continue talking with SRP to try, as part of the discussion with SRP, to move the water district's pick up point upstream of the Cragin outlet. If and when, a proposal is made by SRP to resolve the districts claim to the river water, Ray is to report back to the board with any proposals from SRP.

In a related issue Ray also discussed the issue of relocation of the river water intake from it's current location to a site ,in the river, above the SRP Cragin Water pump house operated by SRP. He will continue contact with the local office of the Forest Service to determine how to accomplish that objective. Ray will bring his findings back to the board as he acquires them.

Dick Johns reported on the status of the pursuit of expanding the board of RTDWID from three to five members. All attempts have been unsuccessful to date. However the following options were offered by Dick as possibilities to accomplish this task. 1: dissolve the current Rim Trail Water Improvement District and then petition for a new district with a 5 member board. 2) work with the County Elections Department to find a way to get this done. 3) Request an advanced opinion from the County Attorney or County Supervisors. 4) Submit a completed petition to the County Board of Supervisors and request that they accept it. Dick provided a sample petition that could be used in this situation. Ray Tanner offered to contact Tommy Martin on the BOS and meet with her to discuss our options on this topic. The board accepted Ray's offer to proceed.

A brief discussion regarding the Payson Pipe Line project occurred. The board asked for a board volunteer to begin negotiations with Payson. Don Nelder volunteered to contact Buzz Walker who is in charge of the pipeline project for Payson. Dick Johns moved that the board authorize Don Nelder to initiate negotiations with Payson; the motion was seconded by Ray Tanner. The motion passed unanimously.

The board requested that the following topics be discussed. 1) will Payson repair all damages done to any of the existing pipelines owned by RTDWID 2) what added financial help will Payson provide to RTDWID regarding new piping to extend into private property from any repairs that are made. The objective here is to minimize future breaks in piping that belongs to RTDWID stemming from the site of any repairs made by Payson. 3) Discuss if Payson would install either a 3 inch or a 4 inch main line going down Balluzzi Blvd. If so, at what cost to RTDWID? 4) ask if Payson will help RTDWID to identify the districts water lines that will be in the path of the Payson Pipeline. If so at what cost? 5) discuss with Payson the issue of installing the 6 inch line for the Fire Dept. along Balluzzi Blvd. Will they help with the cost?

Per Don Nelder's request, Harry Jones will provide a copy of the map of the districts' water lines that was derived from prior water claims. Don will take this map to Buzz Walker for review during the discussion regarding the pipeline. Don will report back to the board with the results of his meeting with Buzz Walker

Chairman Dick Johns announce a temporary recess in the meeting to commence at 1:35pm. The recess ended at 1:50 pm. The meeting resumed at this time.

Dick Johns led the discussion regarding modifications to the district manager's management agreement with the district. Much discussion ensued reviewing each item in the new draft. The process stalled near the end of this session when the topic of compensation to HDJ LLC was discussed. . Harry Jones had proposed that the compensation to HDJ LLC for his services be raised from \$800 per month to \$1250 per month for a base retainer which includes 25 hours per month. Mr. Jones also stated that he has been spending two to three times the base number of hours (25) per month and in the future wants to be compensated for the time in excess of 25 hours at the rate of \$55 per hour (previous rate for special projects had been \$40 per hour). After much discussion the board tabled the matter to be addressed at a future meeting of the board.

Prior to adjournment the board asked Dick Johns for his continued assistance to bring to resolution the items that Dick was still working on at the time of his resignation. Dick agreed to assist the board, as an unpaid outside volunteer.

A well deserved thanks was given to Dick Johns for the excellent job he has done in the short time he has been on the Board.

The meeting adjourned at 3:30PM by a unanimous vote.

Submitted by Don Nelder-Secretary

RIM TRAIL DOMESTIC WATER IMPROVEMENT DISTRICT

240 E. Box Elder Lane Payson, AZ 85541 (928) 472-7585

Board Members

Chairperson: Dave McKibben
Secretary: Gary Richardson
Treasurer: Ray Tanner, Jr

Management

Manager: Harry Jones, HDJ Management, LLC
Operator: a Quality Water Co.

DRAFT UNTIL APPROVED AT THE NEXT BOARD MEETING

Minutes of the Rim Trail Domestic Water Improvement District Board meeting held at 306 W. Palm Lane, Phoenix, AZ on Saturday, May 17, 2014 at 9:00AM as well as telephonic conference at (712) 432-5610, access code 1714.

The meeting was called to order at 9:02 am. A quorum was present with Ray Tanner in person and Don Nelder via telephonic conference line. Also present in person were nine property owners as well as four property owners via telephonic conference line.

The minutes of the prior Board meeting on November 23, 2013 were discussed with one comment by Ray Tanner concerning the notation of the placement of the resignation by Dick Johns. Ray Tanner moved that the minutes be accepted; Don Nelder seconded the motion. The minutes were approved.

Don Nelder addressed the first item on the Agenda, that being correcting and clarifying alleged misinformation that has been circulated. Don read his reply letter and requested that its contents be attached to the minutes of this meeting.

Ray Tanner read his reply letter.

Don Nelder moved to make both reply letters a part of the meeting minutes. Ray Tanner seconded the motion. Motion was approved. (N.B. although it was not moved nor seconded that the letter to which these replies were introduced be also included, that letter – submitted by seven RTDWID property owners - is also attached to these minutes.)

Don Nelder indicated his intent to resign prior to the end of the meeting.

Ray Tanner indicated that Dave McKibben and Gary Richardson had offered to be on the Board and were both present. Don Nelder indicated that Dave McKibben has previous experience and history as a Board member.

Dave McKibben was asked to make a statement. He indicated that he wants the Board to operate cleanly, transparently, and in harmony and, given the number of people that have offered to serve, was willing to step up to serve.

Ray Tanner moved for Dave McKibben to be appointed. Don Nelder seconded the motion. The motion was approved.

Ray Tanner asked if Dave McKibben had an Oath of Office form signed and notarized. He indicated he did. Don Nelder indicated that he had contacted the Gila County Board of Elections regarding having the form previously notarized and that this is not an issue. Buddy Rice expressed concern that this was pre-arranged in violation of the Open Meeting Laws. Ray Tanner responded that Mr. McKibben could go to a bank, during a temporary recess of the meeting, to have the form re-signed and re-notarized if that was desired. Buddy indicated that he was ok with the current status and thanked Mr. McKibben for getting re-involved. Don Nelder indicated that there is no violation of Open Meeting Laws, By-Laws, or Board of Elections in a potential candidate having the necessary documents prepared in advance. Buddy Rice asked if either Mr. Nelder or Mr. Tanner had discussed the situation. Ray Tanner indicated that, had either person discussed it with Mr. McKibben, Mr. McKibben was not on the Board at the time. Don Nelder did discuss the possible appointment of whoever offered to serve on the Board. Mr. Rice indicated that the fact that Mr. Tanner and Mr. Nelder had discussed it might be a violation but that it would be up to the Attorney General's office to make that determination and thanked Mr. Nelder for confirming that they did discuss it.

Gary Busenkill suggested that the meeting should not get hung up on Open meeting Law, that Dave McKibben is qualified, and that it is a pointless discussion with respect to the Open Meeting Laws, no harm no foul.

RIM TRAIL DOMESTIC WATER IMPROVEMENT DISTRICT

Ray Tanner indicated that Gary Richardson had previously expressed interest in serving on the Board and, also, that Tina Hatch (just on the morning of this meeting) indicated her interest as well. Tina Hatch indicated her interest and also stressed that emails sent regarding Water Company business should not be sent showing everybody's emails where people reply to all with negativity; those email should be sent personally only. Tina also expressed some concern about a possible conflict on the part of Harry Jones as both a property owner and a District employee.

Ray Tanner thanked Tina for her interest and will certainly keep her in mind for the future. He also noted that Gary Richardson had previously expressed his interest and asked him to introduce himself.

Gary's family has owned their cabin since 1967. He has served on several Boards for a good number of years. Gary spent eight years in the Legislature as a member of the Republican majority. His experience lies in bringing people together. He suggested that, perhaps, a social hour prior to a Board meeting might be a good idea.

Dave McKibben clarified that Don Nelder is still on the Board.

Ray Tanner indicated that Gary's experience in the Legislature might be of real value to assisting the District to move forward with several issues, i.e. Board size, flat tax.

Ray Tanner moved that Gary Richardson fill the impending vacancy. Dave McKibben seconded. Approved.

 Don Nelder concurred and resigned effective 5/17/14 at 10:06 am. Don left the meeting.

Gary Richardson signed an Oath of Office and took a second copy for preparation in front of a notary.. Ray Tanner nominated Dave McKibben for Chairman. Gary Richardson seconded and Dave McKibben was appointed Chairman of the Board.

Ray Tanner is currently Treasurer and prefers to retain that position.

Dave McKibben nominated Gary Richardson for Secretary. Ray Tanner seconded. Gary Richardson was appointed as Secretary of the Board.

Ray Tanner reported on action with the Forest Service regarding moving the river pick-up point. He has been meeting w/ the ranger and other personnel. 2 weeks ago the ranger said we cannot piggy back on the NEPA for the pipeline and it would need a separate environmental assessment. However, we can do a non-ground disturbing temporary pipeline on top of the ground. They will need a map, an annual permit, specific list of specifications on pipe, plus a confirmation of legal right to move – i.e. probably SRP approval. This could affect discussion of water rights/claims. We may need an attorneys consultation. Harry Jones indicated that the Cragin pipeline has had electrical issues in terms of running the plant per their schedule.

The next meeting is scheduled for 5/24/14 @ 4pm at the Whispering Pines Fire Department (pending availability).

Jeremy Creed asked about flat tax vs. rate increase. Ray Tanner indicated two reasons. There are roughly 135 buildable lots and 90 meters. This leaves 45 lots that have access to the District system but which are not contributing to the upkeep and upgrade of the infrastructure. A tax would cover all lots not just active users. Harry Jones stated that there is a flat tax provision for waste water treatment systems that can go up to 50% of assessed value but that same provision is not in water district laws. Ray Tanner noted that a second reason is that a tax is tax deductible whereas a rate hike is not deductible unless the property can be designated for business purpose.

Dave McKibben moved to adjourn the meeting. Ray Tanner seconded. The meeting ended at 10:39 am.

Respectfully submitted,
Dave McKibben, Chairman

Don Nelder-Resignation from the RTDWID Board of Directors letter.4-8-14

To my fellow board members.

I regret to inform that I must resign my position as secretary and acting chairman on the RTDWID board effective 5-17-14 during the board meeting held on that date at 9am.

I have not lived in Arizona since the 10th of January of 2014 because my wife and I are temporarily living with our son in northern California. Due to very difficult divorce proceedings for him our family is helping to raise our grand children ages 4 and 9 at this time. We decided in March of this year that I probably could not continue on as a board member. We delayed acting on this decision in the hope that conditions might improve until April when additional issues cropped up here in California dictating that I must resign. This situation will result in our visits to Rim Trail to be infrequent and sporadic for the foreseeable future.

I am proud of the accomplishments achieved by this board during my tenure and I am happy to have been a part of them. I appreciate the professionalism displayed by my fellow board members. I have enjoyed working through the difficult issues with them. Together we worked to change and improve a multitude of procedures and communication processes resulting in a much stronger and involved board than was evident in the last decade. Communications have been streamlined, a completely revamped accounting procedure has been installed and transparency of board activities have been improved substantially. My hope is that the community of Rim Trail will support their board members who volunteer their talents along with many hours of donated time to address the current and future issues of the board for the benefit of our Rim Trail Community.

Donald K Nelder

4-8-14