

DRAFT

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE ESCUDILLA MOUNTAIN DOMESTIC WATER IMPROVEMENT DISTRICT OF APACHE, ARIZONA, FEB. 1, 2025 AT 11:00 AM AT THE ALPINE FIRE STATION #2 IN NUTRIOSO, AZ

1. **CALL TO ORDER.** David Knobbe called the meeting to order at 11:11 am. Present were Pat Cruse and David Knobbe. Melissa Chivers, Mike Draper, and Mark LaCombe attended by phone. Seven district members and one non-district member were in attendance.
2. **APPROVAL OF THE AGENDA.** Pat Cruse motioned to approve the agenda. Mike Draper seconded. Unanimously approved.
3. **APPROVAL OF THE MINUTES FROM OCTOBER 19, 2024 BOARD MEETING.** The minutes were previously distributed. Pat Cruse motioned to approve the minutes. Mike Draper seconded. Unanimously approved.
4. **CHAIR, BOARD MEMBERS AND CLERK REPORTS.**
 - David Knobbe welcomed Mark LaCombe as a new member of the Board. He also thanked John Cochran for being on the Board and for all his hard work.
 - Financial Report - Lorie Knobbe reported that the current balance is \$44,726.16. This includes both the Apache County and BMO accounts.
 - Assessment Progress - All the necessary documents have been completed and recorded. The EMDWID has been assigned the Authority and Tax Code numbers. If the Board wants an assessment on the 2025 Tax Bill it needs to be presented to the Board of Supervisors by their May Board Meeting.
 - Annexation - Three property owners have requested annexation. They will be sent an invoice for the Infrastructure / Access Fee and legal costs.
 - WIFA - The EMDWID's application to borrow money is through the Drinking Water State Revolving Fund (DWRSF). This is federal money. When contacting WIFA this week we were told: "In regards to the federal funding pause, we are still analyzing the impact of the freeze on WIFA's federal programs, but because of our solid cash management and forward planning, day-to-day operations will remain consistent. You can feel safe to proceed with projects and disbursements as planned for the time being. We will keep a close watch on developments and additional guidance in the coming weeks, and we will keep all borrowers in the loop." As far as the Water Supply Development Fund (WSDRF), that is a state program that we intend to use for the second phase. They issued a Resolution on 12-16-24. The Resolution outlined the Committee's goal of maintaining a WSDRF portfolio with a balance of 60% loan financing and 40% grant awards. Once \$60,000,000 in grants have been awarded then financial assistance will be

only in the form of loans. They originally advertised this program as grants up to \$2,000,000 and loans up to \$3,000,000.

- SWCA Environmental Study - David Knobbe reported that SWCA is finalizing the BA (biological assessment) and it will be sent out to all of the government agencies next week that need to act. These agencies will have a maximum of 180 days to respond. Our SWCA representative's opinion is that it will be finalized within two months. David also stated that the Environmental Information Document (EID) draft will be placed on the website. This EID was sent by SWCA to all of the agencies involved on December 19th to inform them about the EMDWID's Standpipe project. The New Mexico Meadow Jumping Mouse is the only species of the 10 on the threatened or endangered list for our area that is a concern. The US Fish and Wildlife Service will be doing research to make sure our project has the least amount of impact if any to this species.
- Lease Agreement and ADEQ requirements to lease or donate a well. David read over the requirements that an individual property owner would need to agree to. These requirements will be posted on the website.
- Melissa Chivers is working on preparing a system to share files with potential design, engineering, and construction firms. This will most likely involve a platform with a flat fee with a monthly subscription. This system will enable them to have all the necessary info to place a bid on our project.
- Loan for design phase. EMDWID was given a \$50,000 Technical Assistance Grant from WIFA however the Environmental Study is using the whole allowance. That means the DWID has to pay for the Design costs. Once the WIFA loan is finalized the DWID can pay off the Design loan with the proceeds.

5. DISCUSSION AND POSSIBLE ACTION TO ALLOW FOR DEANNEXATION.

The topic of deannexation was revisited per the request of Justin Organ. The Board discussed the pros and cons for allowing deannexation. The legal cost to deannex is \$1000.00. Pat Cruse wanted to make sure everyone received the agenda to inform them of this action item. The agenda is required to be posted at the Post Office and on the website but we also email it to all those with an email on file. The Board will review on a case by case basis but only for a short period of time, then no more will be allowed. Pat Cruse motioned to allow Justin Organ's property to be deannexed. Mike Draper second. David and Mark approved. Melissa voted no.

6. DISCUSSION AND POSSIBLE ACTION TO BEGIN THE LOAN PROCESS FOR DESIGN.

Lorie will research loan options and will fill out the applications through ADEQ and RWAAZ (NRWA) and advise the Board of the findings at the next meeting. Pat Cruse motioned to begin the process and Mike Draper seconded. All in favor.

7. CALL TO PUBLIC - Justin Organ thanked the Board. Eric Sayer has questions regarding the Environmental Study timeline. David responded, 180 days but

Meggan at SWCA estimated it would be less than two months because it is a small project. Eric also asked what the estimated amount for the design loan. David replied we did have two estimates and they came in at \$36,000 and \$40,000. Another question was regarding the Lease Agreement for donating a well. The lease agreement is for individual property owners not the EMDWID well that the District already owns.

- 8. ANNOUNCEMENTS** - The next meeting will be held in March unless any issue arises requiring a meeting.
- 9. EXECUTIVE SESSION** - The Board went into an Executive Session at 11:59 am for the purpose of discussing Purchase, Sale or Lease of Real Property. This is allowed under A.R.S. § 38-431.03(A) (7). They returned at 12:27. No vote was taken.
- 10. ADJOURNMENT** - Pat Cruse motioned to adjourn the meeting. Mike Draper seconded it. All in favor. Meeting adjourned at 12:28 pm.