

MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE ESCUDILLA MOUNTAIN DOMESTIC WATER IMPROVEMENT DISTRICT OF APACHE, ARIZONA, AUGUST 31, 2024 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 11:00 am. Present were Melissa Chivers, John Cochran, Mike Draper and David Knobbe. Pat Cruse attended by phone. Fifteen district members and three non-district members were in attendance.
2. **APPROVAL OF THE AGENDA.** John Cochran motioned to approve the agenda. Mike Draper seconded. Unanimously approved.
3. **APPROVAL OF THE MINUTES FROM JULY 5, 2024 BOARD MEETING.** The minutes were previously distributed. John Cochran motioned to approve the minutes. Pat Cruse seconded. Unanimously approved.
4. **CHAIR, BOARD MEMBERS AND CLERK REPORTS.**
 - Financial Report - Lorie Knobbe reported \$59,727 has been collected towards the Infrastructure/ Access Fee plus \$220.24 in interest income from Apache County. September 1st is when the second annual installments are due for those paying annually. So far there have been \$19,328 in expenses including \$7,921.87 spent on the pump test supplies and to Clear Creek Associates who provided the aquifer modeling to ADEQ. That leaves a balance of \$40,619.16 held in the Apache County and BMO accounts.
 - Elections - Mike Draper and Mark LaCombe were the only two people who filed the required documents with Apache County Elections Department to fill the two open positions on the EMDWID Board of Directors. The Apache County Board of Supervisors approved canceling the special district election and appointed Mike and Mark at their August 19, 2024 Board of Supervisors Meeting.
 - Assessment Progress - As reported in a previous meeting, WIFA is requiring EMDWID to pay back their loan via assessment funds vs revenue since the EMDWID does not have any financial history. The Assessor's Office will not accept the legal description from the Establishment Documents since the legal description contained Assessor Parcel Numbers. Frank Cassidy, the EMDWID lawyer, and Lorie have been working together to provide the County with a "Restatement of the Legal Description". Frank found 2 discrepancies and suggested we reach out to a surveyor. We have reached out to Dan Muth and are awaiting his recommendation. Once received the "Restatement of the Legal Description" will be sent to the Recorder's Office and the Assessor's Office.
 - ADEQ - David Knobbe reported that he received "Notice of ADEQ Decision to Approve the Elementary Business Plan for Escudilla Mountain DWID". We are officially a New Public Water System! He thanked all those who helped get this done, especially the Board Members, Mark LaCombe and Clear Creek Associates.
 - WIFA - Lorie reported that WIFA has revised its 5 Year Strategic Plan. In the past it typically took 18 months from loan approval until the first disbursement.

They would like to get that closer to 9 months. Because of the new procedure they are requiring some of the steps to be completed before we go before the Federal Program Board for approval. They are currently in the contract execution phase of the Environmental Review. They have awarded it to SWCA. This review is paid out of the Technical Assistance Grant. They have 30 days to get the review done and a 30 day time frame to give public notice and open the decision up for review. We are hoping to get the decision of "Finding of No Significant Impact (FONSI). We are on the Project Priority List for 2025.

5. DISCUSSION AND POSSIBLE ACTION TO ALLOW FOR DEANNEXATION.

The board members discussed the pros and cons of allowing for deannexation. The topics discussed were the desire to grow the district, the expense of placing a lien on a property, setting precedent for allowing deannexations, the costs associated with changing the district map and the opportunity all owners had in removing their properties prior to the establishment. At the end of the discussion a motion was then made to vote on whether or not to allow for deannexation. Melissa Chivers, John Cochran, Mike Draper and Pat Cruse voted to not allow deannexation. David Knobbe voted to allow for deannexation. The vote was 4 no and 1 yes denying deannexing. Therefore no properties will be allowed to deannex from the district at this time.

6. DISCUSSION AND POSSIBLE ACTION TO ALLOW FOR ANNEXATIONS.

David reported that current well production can service approximately 250 fulltime connections and more with storage. This estimate is based on ADEQ's project demand calculations. There is room to add more properties. A detailed map, costs, and timing have been placed as agenda items for the next meeting. After discussing the benefits of allowing for annexations a motion was made by Pat Cruse to allow for annexation and seconded by John Cochran. The motion was carried unanimously.

7. CALL TO PUBLIC - Laura Ryan asked what happens if we don't get the FONSI. Melissa Chives replied the reporting company will notify us of the deficiencies that will need to be addressed. Leonard Ruiz asked how we can restrict property owners from accessing water who have not paid their Infrastructure / Access Fee. Mike Draper said that can be done through the key card system. The Pences had concerns about the timing and costs of why the annexation process hadn't already happened.

8. ANNOUNCEMENTS - The next meeting will be held on Saturday, October 19, 2024, at 11:00 am at the Alpine Fire Station #2 in Nutrioso.

9. EXECUTIVE SESSION - None required.

10. ADJOURNMENT- John Cochran motioned to adjourn the meeting. Mike Draper seconded it. All in favor. Meeting adjourned at 12:12 pm.

Minutes approved at the 10-19-2024 Meeting. lk