

ICR WATER USERS ASSOCIATION

Board of Directors Special Meeting, ICRWUA Pump House **October 1, 2019 – Meeting Minutes**

Board Members:

Bob Hilb, President
Randy Joly, Secretary
Chris Peck, Board Member (telephonic)
Rob Elsroad, Treasurer

Contract Staff:

Cheryl Ibbotson, Wallace Utility Billing

Member/Guests:

Alan Cocherell, Ray Damesek, Dick & Virginia Brubaker, Jeff Hunter, Jimmy Stoner, Jim Cooper, Steve & Kathy Barber, Jeff McLeod, Mike McFerron, Ted Durham, Alan Black, Eileen McGowan, Joe DeAugusta, Bob Frocit, Kathy Harris, Daniel & Ruth Hart, Brian Bosah, Meline Knevel, Mark Armstrong, Roy Kneale, Derrill Fulkerson, Mark & Rebecca Arnold, Craig Brown, Giles Howard, Larry Grift, Eileen Griffin, Paul & Earlene Gonzalez, Mary Kelly, Kathleen Barnett, Bud White, Barbie Butler, Terri Kiffer, Joyce & Richard Charenza, James Schutz, Charles Lehr, Larry Bligh.

1. Call to Order – ICR Water Users Association

The meeting was called to order at 9:00 a.m.

2. Roll call of the Board –

Roll call of the Board was taken. All directors were present except Blake Hewitt.

3. Board Approval of the October 1, 2019 Agenda –

Rob made a Motion to approve the October 1, 2019 Agenda. Randy seconded the Motion. Motion passed unanimously.

4. Selection of new Director –

Bob stated that Blake Hewitt has resigned resulting in an open position. He said that the opening was posted on the website. He stated that two members sent in their qualification with interest in filling the open position – Mark Armstrong and Carl Antilla. Randy stated that both individuals were strong candidates. Randy stated that they wanted to seat Mark Armstrong due to the fact that he ran in the last election and received the highest number of votes of those candidates that were not seated. He added that Mark had his MBA, had been a resident of Whispering Canyon for five years and was very willing and able to get involved with the Association.

Randy made a Motion to appoint Mark Armstrong to the open seat of the Board of Directors. Bob seconded the Motion. Motion passed unanimously.

Eileen McGowan asked why appoint a new Director with only one meeting left for the year and an election scheduled at the end of the year?

Randy stated that the attorneys told them they needed to fill the fifth position in light of the Asset Purchase and Sale Agreement for the new water company.

Mark Armstrong was asked to take his seat with the other Board Members.

5. Resolution approving the Asset Purchase and Sale Agreement for the new water company –

Bob stated that this issue had been discussed over the last year and one-half in previous board meetings. He stated that the sole purpose for doing this was to remove the liability of the Architectural Committee (ARC) going forward.

Randy stated that he had individual meetings with each commissioner at the ACC regarding the relationship of ARC and the water company. He stated that the commissioners were in agreement that the water company should not be using funds for non-water activities. He said that the legal fees spent for the ARC lawsuit is over \$70,000. The commissioner's told them that they would not approve funds used for non-water activities in any upcoming rate case, those funds would be a "loss, loss" on the books and would be omitted.

Randy stated that they have been studying this issue with the attorneys for the last year and one-half and have found that the best way to accomplish this would be to form a new water company and then transfer the CCN's to a new water company. He added that the existing water company would remain with a name change and become the ARC company.

Bob added that the new water company would move forward and there would be no future liabilities of the ARC. Existing liabilities would go with the new water company, but the potential of any new lawsuits or liabilities would be removed.

Randy added that it is important to be aware that the Arizona Corporation Commission will be involved, and the Association would need their approval every step of the way.

Mark stated that as part of the process there would be a description of proposed changes posted onto the website and it would be presented to the members for a vote.

Randy added that the process will take time and is not a top priority of the ACC. Bob stated that they were leaving the current (old) water company to be used by the ARC however it was not mandatory. Randy stated that the ACC specifically told them to leave the shell of the existing water company active.

Eileen McGowan stated that she was concerned that if the assets were removed and transferred to the new water company while the lawsuit was still active, it could create adverse effects.

Bob stated that the existing lawsuit goes with the new water company until final resolution, but any future ARC liabilities would be removed from the new water company.

Ray Damasek asked if the Articles of Incorporation would be identical for the two companies.

Bob stated yes but only if there was a conflict related to any ARC liability to the new water company.

A member asked why the minutes of the ACC meeting were not posted to the website?

Randy stated that there were no minutes taken as it was not an official meeting. The meeting was with each individual commissioner and lasted about five minutes each. Mark stated that once this resolution was approved the filings with the ACC would be posted to the website.

Jimmy Stoner stated that if a lawyer presented anything to the ACC during those meetings there would be documentation that the members could see.

Bob stated that they would contact the attorney and see what they determined appropriate for the members. He would check into it and members could request a copy as opposed to posting to the website, because the website was public.

Larry Bligh stated that he completely agrees with the formation of the new company and the reasons for doing it and the members need to review and approve the Articles of Incorporation.

Randy stated that it has to be approved by the members and the ACC.

Bob added that all of the correspondence will be completely transparent to the members.

Larry Bligh stated that it should include an amendment that the Board should not be authorized to change the By-Laws without member approval.

Bob stated that what he will read relative to the resolution was in draft form, once the attorney finalizes it, it would be posted to the website.

Bob made a Motion to approve the Resolution approving the Asset Purchase and Sale Agreement for the new Water Company. Bob read the resolution that they were voting on. (please click here for a copy) Randy seconded the Motion. Motion passed unanimously.

There were various comments from the public including:

Why is this being called a sale instead of a transfer? Larry Bligh said this is exactly how it works; the value gets transferred to a new company. Randy added that on paper there is negative equity due to depreciation.

Someone asked what was the projection of costs for legal fees? Randy stated that at this point it was projected at \$30,000 and they were halfway there.

Vicki Fogarty asked what the breakdown of membership was between ICR residents and TRR residents?

Cheryl stated that it was almost even, 50-50 between ICR, Preserve and Whispering Canyon vs. TRR residents.

Someone asked who gets to vote, even those that own vacant lots?

Bob stated only members with meters were allowed to vote.

Bob adjourned the meeting at approximately 9:37 a.m.