

**BOARD OF DIRECTORS  
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT  
PIMA COUNTY, ARIZONA**

**February 11, 2002**

**\*\* Board Room\*\***

**Metropolitan Domestic Water Improvement District  
6265 N. La Cañada Drive  
Tucson, AZ 85704**

**MINUTES**

Board Members Present:	Pete Schlegel, Chair Jim Doyle, Member Dan M. Offret, Member Dennis Polley, Member
Board Members Absent:	Marlene Wright, Member
District Staff:	Mark Stratton, General Manager Phil Higdon, Legal Counsel Warren Tenney, Clerk of the Board

**Study Session**

**I. Call to Order and Roll Call**

Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District) called the Board Meeting to order at 5:03 p.m. Jim Doyle, Pete Schlegel, Dan M. Offret and Dennis Polley were present. Marlene Wright was not present.

**II. Discussion and Direction for Legislative Issues 2002**

Mr. Schlegel said the climate is tense in the legislative sessions. Governor Jane Hull has discovered that more money would need to be cut from the State budget. This would result in State employees not receiving pay increases in the upcoming fiscal year, in addition to layoffs amounting to between 1,000 and 2,000 employees.

Mr. Stratton said the Board had received a report of the legislation introduced to date. He asked that the Board review the report with staff to determine what legislation it would like to actively support or oppose, as well as those items which the Board feels would not directly affect the District. Mr. Stratton said the information gathered from the Board will be shared at the

upcoming SAWUA meeting in order to inform SAWUA of the District's position on the legislative issues.

Dana Belknap, District Lobbyist, said the District's bill, House Bill (HB) 2199, has passed two House committees; however it has not yet been withdrawn from the Appropriations Committee. It is hopeful that it can be withdrawn.

HB 2582 and Senate Bill (SB) 1344, deals with all the non-tax recommendations of the Governor's Water Management Commission. Ms. Belknap said staff recommended supporting the bill. Mr. Stratton said the document is 143 pages long; however, the issues were identified as well as the proposals. Ms. Belknap gave a brief summary and said the District would benefit from the exempt wells recommendations. Mr. Tenney said the Board previously discussed the Commissions recommendations in October 2001 and supported the recommendations at that time. Those recommendations are in HB 2582. Mr. Offret asked if HB 2582 and SB 1344 were different, to which Ms. Belknap replied that they were identical.

Mr. Tenney said there is opposition and misrepresentation on the proposals for no new exempt wells, and riparian areas where no new drilling could occur. Mr. Schlegel questioned if the District needed to take a position. Mr. Stratton said this bill has the support from the majority of water providers and utilities whom worked with the Commission to develop the bill. Mr. Schlegel asked if the riparian aspect of the bill could be harmful to the District. Mr. Stratton replied that the riparian areas are clearly defined and are mainly in the Tucson Active Management Area, and small streams along the foothills. Originally it included the Lower Santa Cruz River; however, that area has been removed as it is effluent dominated. Mr. Tenney said the proposed legislation would require that every five years the map would be revisited by the Arizona Water Protection Fund Commission (AWPFC), and its recommendations would be sent to the Legislature for approval. He added that the riparian recommendations are minor and it would be beneficial for the District to support them now as opposed to perhaps more radical environmental legislation in the future. Mr. Schlegel voiced concerns regarding the possibility of more lands included than initially intended.

Mr. Polley said Pima County established the riparian areas in the Sonoran Desert Conservation Plan. He believes the District should support HB 2582 based on the knowledge it currently has. There has been a lot of consternation raised by the developers, nonetheless, he feels the District should move forward and support the legislation. Mr. Schlegel said that he wants to ensure the District is able to recover the water if it were to run down the Canada Del Oro wash. He added there are concerns that if the District were unable to put in a well to recover the water, the cost of the water could become expensive. Mr. Stratton explained that the legislation applies only to new wells, and all the District's wells are permitted recovery wells. If the District recovers water from the same zone of hydrological impact where the water is being recharged, the water rights are protected. Mr. Schlegel called for a consensus from the Board and asked if any member disagreed with staff's recommendations to support HB 2582. There was none; therefore, the District agreed to support HB 2582.

Regarding SB 1355, the Commission's recommendation to establish a safe yield withdrawal fee, Mr. Stratton said this bill would impact the Hub service area. The majority of the water service providers in the Tucson area are supportive of the legislation as they understand there is a role for the replenishment obligation. Mr. Tenney said there are concerns by water service providers in the Prescott area as they believed the money collected from the tax was not guaranteed it would not be used for infrastructure purposes to bring in a renewable water supply. The Board agreed to remain neutral on SB 1355.

Ms. Belnap said that the City of Tucson is opposed to HB 2022, which was the Agriculture/ADWR agreement for the agriculture conservation program including establishing a Best Management Practices program. Mr. Stratton said the Phoenix area water service providers strongly support the bill and view it as a mute issue. He added that the City of Tucson has concerns of not meeting the safe yield goal in 2025 and the burden will fall on municipal providers. Mr. Stratton said it does not appear the City of Tucson will be successful in altering the bill. The Board agreed to remain neutral on HB 2022. Mr. Schlegel suggested that the District not bring attention to its neutrality.

HB 2423 prohibits new exempt wells or replacement wells if they would provide water for domestic purposes on land within the service area of a city or town, a private water company or an irrigation district. Ms. Belnap said the bill states no new wells unless someone is denied water service and once denied, the person(s) must then be provided water service. Ms. Belnap said the bill as it reads now is confusing. Mr. Stratton agreed and said another portion of the bill which is unclear is the language prohibiting new exempt wells or replacement wells. Ms. Belnap's recommendation was for the Board to remain neutral. The language in the bill is different than what is contained in the Commission legislation. Mr. Schlegel said the intent of the bill was that the infrastructure had to be approved by the provider but not provided. Mr. Schlegel agreed that the bill was poorly written. Mr. Doyle asked if an apartment complex, such as St. John's, wanted to drill its own well would this be permissible. Mr. Stratton replied that if the Commission language passed it would be effective 2003. However, if the language from HB 2423 is adopted there would be no new exempt wells or replacement wells drilled, and if denied, the water service provider would be obligated to provide water. The Board agreed to monitor HB 2423; however, if it becomes an active bill with the current language, the District would oppose the bill.

Ms. Belnap explained that HB 2504 puts into statute that a water provider could not charge anything more than its "single family rate." She said that this bill may be dead already. Mr. Schlegel pointed out that a single family living in a mobile home park probably has a lower income and thus could not afford to pay higher water rates. Mr. Stratton said the District has a single rate for families. The legislative bill was a result of issues raised by Tucson Water and its mobile home communities. Flowing Wells Irrigation District also has concerns in regards to the bill and the potential impact to its rates. Mr. Tenney said there was concern from other water utilities that the Legislature would be setting into statute water rate setting policy and removing it from the local jurisdictions. Also, the "single family rate" is not defined. The Board's consensus was to oppose HB 2504.

Mr. Stratton said that SB 1363, the ADWR Water Omnibus Bill, was previously reviewed by the Board at their November 14, 2001 meeting. Of concern at that time was the portion dealing with the County location constraint on the use of State Demonstration Funds for development of recharge facilities. Mr. Stratton said the requirement that a recharge project be located in the county in which the funds are collected was deleted and replaced with a requirement that the project must benefit the county in which the funds are collected. He added that Maricopa County was the only entity affected by this portion of the bill. One portion of the Omnibus bill Mr. Stratton felt was important to support was the section regarding Flowing Wells Irrigation District assured water supply designation. Under this bill, Flowing Wells Irrigation District will be assured a designated water supply and can begin using 4,000 acre feet of CAP water. The Board agreed to support SB 1363.

Ms. Belnap said there are several other bills that do not directly impact the District. HB 2601 amends the Growing Smarter Legislation by clarifying the water resource element. HB 2601 makes it clearer to the local jurisdictions that what they need to do is evaluate known legally available water and how to accommodate new growth with existing water. Ms. Belnap suggested waiting to see how it is received by other water utilities in the area and if they have discussions with the District concerning the bill.

HB 2228 establishes the water development block grant program for cities and towns with no access to water from the Central Arizona Project, which has limited water supplies, and meets other conditions. Mr. Tenney said that AMWUA opposes the bill due to concerns of where the money will come from. Mr. Stratton explained that since this is a year of budget restraints and cutbacks, the consensus is that HB 2228 will not go forward.

Regarding the Annexation Bills, Ms. Belnap indicated that most of bills did not directly affect the District. Mr. Stratton said that staff would look at the bills closer and keep the Board informed of any new developments.

Mr. Schlegel asked where the District stands on the wording brought to ADWR's attention regarding SB 1355. Mr. Tenney explained SB 1355 deals with the safe yield drawl fee, and ADWR accomplished what they had indicated they would do and the changes were made to clarify that the District would not be included in SB 1355.

Mr. Tenney said that HB 2563 would re-establish \$15 million dollars in corporate income tax revenue to be provided to the WQARF Program. The corporate income tax was withdrawn last year from the WQARF Program, and this bill would make the funds available once again. Mr. Tenney recommended supporting the bill as it would have a positive impact to the South Shannon Road WQARF area. The Board agreed to support HB 2563.

Mr. Schlegel asked about infrastructure financing. Mr. Stratton said that nothing has happened since the December 2001 meeting with interested parties. SAWUA needs to determine the

issues to be put into a bill and prepare to move forward. SAWUA's goal is to have something available by July 2002.

### **III. Adjournment**

The study session adjourned at 6:05 p.m.

### **Regular Session**

#### **I. Call to Order and Roll Call**

Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District) called the Board Meeting to order at 6:13 p.m. Jim Doyle, Pete Schlegel, Dan M. Offret and Dennis Polley were present. Marlene Wright was not present.

#### **II. General Comments from the Public**

John Kulakowski of the Sabino Vista Homeowners Association (SVHOA) said the Homeowners Association sent out notices for its meeting scheduled for February 13, 2002 to all Hub area residents. The meeting is to discuss and gather signatures for the petition to annex Hub into Metro Main Service Area. Mr. Stratton and Mr. Offret will attend the meeting. The Homeowners Association met with Vice Mayor, Carol West, and presented its objectives and reported that Ms. West was very receptive. Ms. West will be meeting with City of Tucson Water Department and their attorney to discuss any further actions that may be required by the SVHOA. Mr. Kulakowski said it appears that everything is moving forward. Mr. Schlegel inquired about confirming the signatures on the petition once they have been gathered. Mr. Tenney said that since the annexation is done by Metro Water's Board of Directors, it is the Board Clerk's responsibility to verify the signatures. Mr. Schlegel explained that Pima County has the necessary equipment needed to verify the signatures and make the process easier and quicker to complete. He suggested that Mr. Tenney contact Pima County and Mr. Tenney agreed.

#### **III. Consent Agenda**

- A. Approval of Minutes – January 14, 2002 Board Meeting.**
- B. Approval of Minutes – January 23, 2002 Study Session.**
- C. Approval of Minutes – January 23, 2002 Public Hearing.**
- D. Ratification of Billing Adjustments.**
- E. Approval of Water Service Agreement for Northwest Community & Aquatic Center (YMCA).**

Mr. Offret asked that Consent Agenda item III. D. Ratification of Billing Adjustments, be removed from the Consent Agenda in order for the Board to discuss and consider the item separately. There were no objections.



Mr. Polley made a motion to approve the Consent Agenda with the exception of item III. D. Mr. Offret seconded the motion. The motion to approve the remaining items on the Consent Agenda was passed unanimously.

Regarding Consent Agenda item III. D. Ratification of Billing Adjustments, Mr. Offret referenced a letter received on behalf of a customer who had inadvertently left her back spicket turned on. At the January 14, 2002 meeting the Board granted a partial credit to Anne Cameron; however, the remaining balance would put a great burden upon the 97 year old customer.

Mr. Offret made a motion to dismiss the remaining balance of \$464.07 owed by Ms. Cameron of 1013 West Los Alamos for this one time due to extenuating circumstances. Mr. Polley seconded the motion.

Mr. Schlegel inquired as to why the amount was so high. Mr. Stratton explained that the spicket was left open for quite some time and Ms. Cameron was unaware of it. Mr. Offret said this was a circumstance involving a waste of resources due to the high water usage, but he believes this to be an opportune time to show compassion to the elderly customer. He explained that the amount would equate to approximately two cents per hook up. Mr. Schlegel agreed that it was a good idea; however, he had concerns regarding the decision establishing a precedent. Mr. Higdon, Legal Counsel, said the Board has the authority to make this decision and added that it would set a precedent.

The motion to dismiss the remaining balance of \$464.07 owed by Anne Cameron passed unanimously.

Mr. Offret made the motion to approve the rest of the billing adjustments as presented in the February 11, 2002 report. Mr. Polley seconded the motion and it passed unanimously.

#### **IV. General Business – Items for Discussion and Possible Action**

##### **A. Election of Chair and Vice-Chair for the Board of Directors.**

Mr. Schlegel said that Ms. Wright called him to apologize for not being able to attend tonight's meeting. Ms. Wright noted that the Board deferred election of a new Chair and Vice-Chair at the January 2002 Board meeting due to one of the members being absent and felt perhaps it should defer the election again until the March 11, 2002 Board meeting. However, she understood if the Board decided to proceed. Ms. Wright did not want to be considered for nomination of Chair or Vice-Chair. Mr. Polley suggested that since there was a quorum the Board could proceed with the election.

Mr. Offret made the motion to nominate Mr. Polley for Chair of the Board of Directors beginning the next Board meeting. Mr. Doyle seconded the motion. Mr. Schlegel asked for a roll call. Mr. Offret and Mr. Doyle voted in favor of the motion. Mr. Schlegel stated present.

Mr. Polley abstained, followed by Mr. Schlegel abstaining. The motion failed due to not obtaining the majority of the vote. Mr. Higdon and Mr. Tenney explained that abstention from a vote equated to a no vote; and therefore only two votes in favor of the motion was not a majority of the quorum present.

Mr. Tenney asked for clarification regarding the motion made by Mr. Offret since the Board has always elected the Chair for that meeting and questioned if he had understood that Mr. Offret had stated "beginning the next Board meeting." Mr. Offret said that was correct.

Mr. Offret made the motion to nominate Mr. Polley for Chair of the Board. Mr. Doyle seconded the motion. Mr. Schlegel requested a roll call. Mr. Offret and Mr. Doyle voted in favor; Mr. Schlegel abstained; and Mr. Polley voted in favor. The motion passed with three ayes and one abstention.

Mr. Polley made a motion to nominate Mr. Offret for Vice-Chair of the Board. Mr. Doyle seconded the motion. The motion passed unanimously.

**B. Monthly Status of the District.**

There was no discussion by the Board regarding the monthly status of the District.

**C. Financial Report.**

Mr. Schlegel asked Mr. Land if there was further information to give on the financial report. Mr. Land said that at the January 2002 Board meeting Ms. Wright had a question concerning three \$390.00 payments to Pima County and clarified that the checks were for ADEQ inspection permits. The money to pay for Public Relations consultant Gary Greenburg was transferred from Miscellaneous Consultant Fees to Public Relations within the accounting line items.

Mr. Offret mentioned that it was his beliefs that it was the custom to have the new Chair preside over the remainder of the meeting. Mr. Polley, the new Board Chairman, chaired the remainder of the meeting.

Mr. Schlegel asked Mr. Land when the District's financial reports would reflect the sell of the bonds. Mr. Land replied that the monies for the issuance cost and the bond service funds were included in the cash flow. The monies for the Tucson settlement will be moved from the escrow account to the general operating fund. The \$10 million was transferred on January 31, 2002; however, it is not reflected in the financial report for January. It will be included in the February 2002 report.

**D. Discussion and Direction for Legislative Issues 2002.**

Mr. Polley noted that the Board covered the legislative issues in the study session.

**E. Sale of Undeveloped Well Lots and Unused Well Lots.**

Mr. Stratton provided the Board with an update on property owned by the District. The District has had three inquiries into selling property to adjoining property owners. The undeveloped well sites are Tangerine acres north of Stiller, Orange Grove Park, and Casas Adobes Lot 15. The properties were acquired prior to the purchase of the District, thus no District funds were expended for these well sites. Mr. Stratton suggested that some of the abandoned well sites be kept for monitoring purposes. He asked for direction from the Board with respect to the three properties and the transfer or sale of those properties.

Mr. Schlegel made the motion to approve that the District initiate negotiations with property owners adjacent to the undeveloped well sites at Tangerine Acres north of Stiller, Orange Grove Park and Casas Adobes Lot 15. The result of each negotiation is to be brought back to the Board for final approval. Mr. Offret seconded the motion and it passed unanimously.

**F. Consideration of Casas Adobes Reservoir Roof Structure Replacement or Repair.**

Mr. Stratton noted that the Casas Adobes Reservoir roof structure issues had been previously brought to the Board's attention. He said that \$142,000 was budgeted for repairs in the current budget. The cost estimate to preserve the roof for the life of the building exceeds \$200,000. Mr. Stratton explained there are two main issues to address on the building. First, on each half of the reservoir, there are two primary steel beams with substantial corrosion damage. Temporary measures would involve welding a plate to add additional support. The lead paint on the steel beams is extremely costly. The other concern is on the eastern half of the structure there was a roof failure on that half of the building 1994. The decking used to replace that section was not treated properly and has been infested with termites. Both of the above components have been included in the cost for the temporary repairs. Staff recommends the District proceed with the temporary repairs to add life to the building, and to inspect the building on a yearly basis to check for corrosion.

Mr. Schlegel made a motion to direct staff to work with Randy Hamilton to draft a bid document for a request for proposals to accomplish the repair work for the Cases Adobes Reservoir roof structure outlined under Option 3, consistent of doing limited deck replacement and steel beam repair. Mr. Offret seconded the motion and it passed unanimously.

Mr. Schlegel explained that this reservoir and building was the original site of water supply for the District. He added that he would like staff to investigate what it would require to deem the building as a historical site. Mr. Offret and Mr. Polley agreed. Mr. Stratton said that if the District were to decide to keep the building, there were a number of options available to maintain its usefulness such as removing/replacing the roof and to create a courtyard type setting on the grounds. Mr. Schlegel added that he believed there could be additional funds available from community support.



**G. Approval of Amendment to Contract for Legal Services.**

Mr. Stratton said Brown & Bain's contract was discussed at the January 23, 2002 study session, including establishing the fees in the terms of the agreement. Mr. Offret said his concerns regarding competitive bidding for legal services were alleviated by Fred Rosenfeld's report, which indicated the District did not have to seek competitive bids. Based on the Board's ability to exercise its discretion when deciding upon legal counsel, Mr. Offret and Mr. Schlegel agreed that concerns previously expressed to seek legal service proposals were no longer an issue.

Mr. Offret made the motion to approve the attached amendment to the Brown & Bain contract for legal services. Mr. Schlegel seconded the motion. Motion was passed unanimously.

Mr. Schlegel wished to clarify that if the total monthly legal expenses exceed \$5,000, a 15% discount would be applied to the monthly invoice from Brown & Bain. Mr. Tenney requested clarification that it was the Board's intention that staff not proceed with a request for proposal for legal services. Mr. Polley said that was the consensus. Mr. Higdon thanked the Board for its confidence and kind words.

**H. Discussion of Current Negotiations for Multi-Partnership Effluent Managed Recharge Project.**

Mr. Stratton said the most recent meeting of area water utilities added to the confusion already expressed regarding negotiations for an effluent managed recharge project. CMID included an attachment outlining that they wanted to receive storage and recovery fees. The other participants had concerns regarding the language in this attachment. CMID had blended the attachment with the memorandum of agreement, which Tucson Water had prepared based on previous discussions. CMID's General Manager was not present at that meeting to explain the rationale of the action. Brad DeSpain distributed the document and attempted to explain it on behalf of CMID. Some participants felt CMID's direction is detrimental to the accomplishment of all parties reaching an agreement, and consideration is being given to abandoning CMID and continuing with the original idea of filing a separate managed recharge facility permit. The District has prepared the majority of its permit application for the reach from Ina Road to the Cortaro Farms gauging station and could conceivably have it completed by the end of February 2002. Mr. Stratton said that many of the other participants indicated they would join the District if it were to proceed on its own. CMID is looking for significant financial support and control of the recovery. Marana and CMID are scheduled to take the draft agreement to their respective boards later this month. Tucson Water is still working on its permit application. Mr. Stratton said all the participants who own effluent are willing to work together, and those who do not are attempting to be in charge.

Mark Myers addressed the Board and said that he represents the Town of Marana on this issue. Marana has been concerned from the beginning that CMID did not have all their cards on the table. After six weeks of discussions CMID has placed their cards on the table. Mr. Myers said

there is a provision in the document on the recovery side that allows for a cost based recovery. He believes most of the participants will find the specific requirement provision that CMID must do recovery disconcerting. Most participants agree that if CMID can do the recovery at or below the cost of what they can do they would be willing to allow CMID to do the recovery; however, the participants do not want to be extorted. The discussions currently taking place will hopefully clarify what the \$5 per acre foot means; does it cover only the acre feet of water that is actually recharged; does it cover all the water that flows down the river; and how much give is allowed on some of the other elements of the draft document. Mr. Myers said if there can be a cost based comparison on the recovery side it could work, if not, then the proposals in the draft document would not work. Mr. Myers said he was cautiously optimistic that the discussions will bring out what CMID's position is and that a workable solution can be obtained. The biggest card that CMID currently holds is the restriction of new wells.

Mr. Offret asked if the City of Tucson is also cautiously optimistic. Mr. Stratton said he was unsure. At the last managed recharge meeting, CMID representatives were not present to share their information or responses.

Mr. Schlegel said he believes that it is not in the best interest of the District to support the proposed plan under the CMID draft document. He believes it is a land grab on the part of CMID to unjustly enrich their position and would be detrimental to the District to accept it as it is currently proposed. Mr. Schlegel said he could not support it in its current format, but would be willing to reconsider if CMID makes attempts to work with the other participants.

Mr. Offret asked what it would take for the District to continue with its permit process and how much staff time is involved. Mr. Stratton said the permit process could be completed by the end of the month. He added that based upon meetings and discussions there has not been urgency due to the cooperation and efforts put forth in the meetings. Tucson Water has not aggressively proceeded with their permit application in anticipation of what the discussions may produce.

Mr. Polley asked when the participants as well as the Board would know what CMID's specific position will be. Mr. Stratton said much depends on whether Mr. Condit from CMID is at the next meeting and how much authority he has from his board on the level of negotiations afforded him. After continued discussions, it may be that Mr. Condit will be required to present the information to his board to seek direction. Mr. Stratton said that ADWR would prefer not to see two or three permits on the same stretch of the river but more than likely ADWR would allow it. There is also no guarantee that CMID's permit application would be approved and go forward.

Mr. Schlegel recommended that staff continue the permit process unitarily, but also see if a permit application can be put together regionally where all parties are supported cooperatively and fairly. Mr. Offret agreed. Mr. Stratton said there is a benefit to all the participants working together and obtaining equal shares. He added that if circumstances warrant a special meeting of the Board will be called to keep the Board apprised of issues that may come up, otherwise weekly updates will be provided.

**V. General Manager's Report**

Mr. Stratton reported there is a WestCAS meeting in Albuquerque the week of February 18, 2002 which Mr. Stratton will attend. He also noted staff is currently conducting an information technology needs analysis regarding the Districts computer security needs. Purchase orders have been prepared for the purchase of new District vehicles. Mr. Stratton also reported that one of the juveniles involved in the vandalism of the fire hydrants was tried in adult court and was sentenced to pay the District the full amount of its loss incurred by the youth.

Mr. Schlegel said there was a request from WestCAS for him to attend the meeting in Albuquerque and he requested permission from the Board to attend the security meeting. The other Board members approved.

Mr. Stratton said there have been security issues raised regarding the alarm system. There was concern how the processes are handled by staff when an alarm is activated. Staff has been instructed to look at developing standard policies and procedures to address alarm issues. Mr. Schlegel noted it was important to ensure staff was not put in a dangerous situation. Mr. Stratton said further information will be brought to the Board.

**VI. Legal Counsel's Report**

Mr. Higdon said it was an historic day on January 31, 2002 when the District signed the settlement agreement and paid off the remainder of its obligation to the City of Tucson. He added that the Board should be complimented for its finalization of the settlement.

Mr. Higdon reported he had met with District staff to discuss the dispute with Gilbert Pump regarding the well modification project at Tucson National. The entire project was approximately 239 days late being completed. Gilbert Pump was notified by the District that it expects to receive or retain liquidated damages for 128 days at \$640 per day. Gilbert Pump responded by saying for the other 111 days they are claiming \$875 per day, but would be willing to declare a draw and walk away. Mr. Higdon said he was preparing the documentation to respond to Gilbert Pump's offer, and would prepare recommendations to present to the Board at its next regular meeting.

Mr. Schlegel inquired about Tucson National North and Mr. Stratton said Duncan Pump is in the process of providing the District with prices regarding well maintenance.

Mr. Offret asked for the current status on NAC's claim. Mr. Higdon said the ball is in their court and there has not been any recent communications. The District failed to reach an agreement with NAC; however, NAC conceded to cut their claim in half and the remainder was to be determined in an arbitration hearing. The arbitration hearing has yet to be scheduled.

Mr. Stratton said that Michael McNulty is legal counsel for Green Valley Water Company and has received clearance from them to solely represent the interests of the District.

**VII. Future Meeting Dates; Future Agenda Items**

A study session to discuss the possible acquisition of the Green Valley Water Company is scheduled for February 25, 2002 at 5:30 p.m.

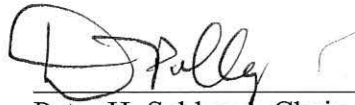
The next regular meeting of the Board is scheduled for March 11, 2002 at 6:00 p.m.

**VIII. General Comments from the Public**

Mr. Myers reported Sharon Megdal had accepted the position of Deputy Director of Water Resources Research Center and full tenure as professor for the Department of Agriculture and Economics.

**IX. Adjournment**

The meeting adjourned at 7:30 p.m.

  
Clerk of the Board  
Peter H. Schlegel, Chair of the Board  
*Dennis Polley*