

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

October 5, 1992  
5:00 P.M.  
7493 North Oracle Road  
Tucson, Arizona

**MINUTES**

ATTENDANCE:      Members:   Alex Jacome, Chairman  
                                 Herb Johnson, Member  
                                 Kate O'Rielly, Member  
                                 Pete Schlegel, Member  
                                 Jim Tripp, Member  
                                 Jane S. Williams, Clerk  
                                 Guests:   Fred Rosenfeld, Bond Counsel  
                                 Mike McNulty, Legal Consultant, Brown and Bain  
                                 Robert Logan, Consultant to MDWID  
                                 Jim Peterson, Oro Valley  
                                 John S. Wise, Cella Barr Associates  
                                 Bud Dooley, Oro Valley  
                                 Dan M. Offret, CWC  
                                 Employees of the Metropolitan Domestic Water  
                                 Improvement District

**A.    CALL TO ORDER AND ROLL CALL**

1.    The meeting was called to order by Alex Jacome, Chairman. All members were present.
2.    Jim Tripp moved that the Board approve the meeting notice and agenda for October 5, 1992. Herb Johnson seconded. The motion passed unanimously.
3.    Jim Tripp moved that the Board approve the minutes of the September 21, 1992 and the corrected minutes of September 28, 1992 regular meetings. Herb Johnson seconded. The motion passed unanimously.

**B.    COMMENTS FROM THE PUBLIC**

No one appeared.

**C.    PRESENTATION OF INFORMATION AND DISCUSSION**

1.    Report on the closing of the Asset Purchase Agreement between the District, the Town of Oro Valley and the City of Tucson.

Mr. Michael McNulty addressed the Board stating that the closing occurred on Friday morning and Mayor Miller signed all documents and everything was recorded Friday, October 2, 1992 at 4:00 p.m. Copies of the agreement will be provided to Fred Rosenfeld and a copy will be placed in the office should anyone wish to review it.

Currently Mr. McNulty is working on title reports for approximately 46 different parcels. Metropolitan Domestic Water Improvement District (MDWID) and the Town of Oro Valley will each take title to the property within their boundaries, in their name. Only one of these properties lies with the Town of Oro Valley.

The Board expressed their appreciation to everyone involved with the completion of this transaction and thanked them for their extra effort to complete this transaction within the deadline. Mr. Schlegel wanted to thank Mr. McNulty, Paul Cella and Robert Logan for the record.

Paul Cella stated that his responsibilities were going on schedule.

2. Report on the execution of an Intergovernmental Agreement with the Town of Oro Valley for the joint acquisition and operation of Metropolitan Water Company.

Mr. McNulty did not have backup material to distribute but stated that the IGA was presented in accordance with the Board's instructions last Monday evening, September 28, 1992. It took a few days, but after review, it was finalized at 10:00 a.m., an hour before closing.

Herb Johnson requested a final copy of the Intergovernmental Agreement.

3. Presentation and discussion of "Assessment Letter."

Chairman Jacome stated that Pete Schlegel, Bob Logan and Diane Kercheval, who was retained by Mr. Cella, met Sunday afternoon to design a letter to be sent to the property owners in MDWID. The letter will be sent in accompaniment to the legal assessment letter to give a better explanation of what progress has been made in the district and with the assessment. Mr. Logan asked the Board for any comments regarding this letter by Tuesday afternoon so that it can be finalized. Discussion ensued on what would happen when a property owner wanted to pay off the assessment all at one time, it was suggested that a monthly deduction would have to be made to their water bill.

**D. ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

1. Order the publication and establish November 4, 1992 as the public hearing date for the adoption of 1992-93 budget (10/1/92 - 6/30/93). Ratify Resolution No. 7.

Without objection, RESOLUTION NO. 7 was ratified.

2. Establish November 4, 1992 for public hearing date for the Assessment.

Mr. Greenawalt has contacted Cross Middle School, 1000 W. Chapala, and have arranged to use the multipurpose room for the public hearing on November 4, 1992.

Mr. Logan stated that there will be two (2) public hearings held that evening. The first starting at 6:00 p.m. will be for the assessment and the second will be to meet the requirements of Councilwoman Janet Marcus by presenting financial information to the public. It was suggested that some time be set aside to explain to the public the assessment procedure.

At this time a brief outline was given on the assessment formula. Mr. Logan will get copies of the proposed assessment valuation form to Mr. Cella on Tuesday, Oct. 6, 1992. Motion was made by Jim Tripp and seconded by Herb Johnson to set November 4, 1992 as the Public hearing date. Motion was carried unanimously.

3. Appoint Board Members as signatories for the Metropolitan Domestic Water Improvement District warrants and checks.

Mr. Logan suggested that four signatories were needed. The motion was made by Kate O'Rielly and seconded by Jim Tripp to have Pete Schlegel, Herb Johnson, Kate O'Rielly and Jim Tripp as signatories. The motion carried unanimously.

4. Review and approve contract with Robert K. Logan as Interim General Manager.

Motion was made by Kate O'Rielly and seconded by Herb Johnson to contract the services of Robert Logan as Interim General Manager. The motion carried unanimously.

5. Appointment of a permanent General Manager, with consideration and action on the following items:

- a. Establishment of salary.
- b. Authorization for the District's Attorney to prepare an Employment Agreement to include: term, compensation, vacation, sick leave and other fringe benefits.

Kate O'Rielly moved that they extend an offer to Alex Jacome for the position of General Manager and commence salary and benefit negotiations with a starting rate of \$65,000.00 annually. The motion was seconded by Pete Schlegel. The motion carried unanimously with four members voting, Alex Jacome abstained.

The Board also set October 19, 1992 as the meeting to place nominations for the vacancy that may be created on the Board of Directors and to give their nominations to the Board of Supervisors for consideration and action.

6. Approve selection of Arizona Bank as the Metropolitan Domestic Water Improvement District bank and establish checking and investment accounts.

Mr. Logan explained that a limited line of credit has been established with the Pima County Treasurer at 5.97% interest. He presented an outline of the procedures for depositing with the county and withdrawing money to be deposited in the Arizona Bank. From this point forward the Board will receive a demand list showing the expenses incurred and give authorization to pay these demands.

Sheila Lewis addressed the board regarding check writing. Checks will be produced biweekly for payroll and for all other expenses once a month barring emergencies.

Checks will be signed directly after Board meetings for convenience.

The motion to accept the Arizona Bank was made by Jim Tripp and seconded by Herb Johnson. The motion carried unanimously.

7. Approve issuance of up to \$500,000.00 in Warrant Transfers from the Pima County Treasurer to Arizona Bank for October 1992 expenditures of the Metropolitan Domestic Water Improvement District.

Mr. Logan explained that of the requested amount, \$377,763.98 will be needed for the purchase of the receivables of approximately \$398,000.00 from Metropolitan Water Company.

Mr. Logan will comeback in two weeks with a revised figure for expenditures and projects that he will need to request additional funding. From that point forward, an accounting will be given at each meeting on the status of the warrants from the Pima County Treasurer.

Jim Tripp made a motion to approve the issuance of \$500,000.00 from the Pima County Treasurer, seconded by Pete Schlegel. The motion carried unanimously.

8. Approval to join and sign State of Arizona Cooperative Purchasing Agreement and Southern Arizona Cooperative Purchasing Agreement and to authorize and approve an interim procurement policy.

Pete Greenawalt explained that these purchasing plans would afford significant discounts and the cost of the agreements are nominal.

An Interim procurement policy was introduced presenting the following guidelines:

1. Purchases up to \$5000.00 would require General Manager permission only.
2. Purchases from \$5000.00 to \$10,000.00 would require three phone solicited bids and be brought to the Board for approval.
3. A request for any purchase over \$10,000.00 would be brought to the Board and a call for bids would be published.
4. Any emergency i.e. pump breakage, backhoe brakes, would be handled as it occurred.

Motion was made by Pete Schlegel and seconded buy Jim Tripp to participate in the State of Arizona Cooperative Purchasing Agreement and the Southern Arizona Cooperative Purchasing Agreement and to approve the interim procurement policy as outlined. The motion carried unanimously.

9. Discussion of the Metropolitan Domestic Water Improvement District logo and seal.

Mr. Logan noted that the MDWID need a non-profit corporation seal. The Board instructed Mr. Logan to purchase the seal. Without objection the subject of the logo was continued to the board meeting of October 19, 1992. The Board also decided on the name "Metro Water District" without objection.

10. Discussion of CBA Financial Pro-Forma for Metropolitan Domestic Water Improvement District.

Paul Cella distributed copies of the pro-forma financial statement and indicated that it met the criteria given by the bonding people. He indicated that approximately a 24% increase would be needed initially and for the next 4 years an increase at a rate of 8%. He suggested the rate increases should take place in January not in June, as the water bills are generally lower in the winter season. Mr. Cella has not yet spoken to Rauscher, Pierce and Refsnes on the pro-forma. He also said that the projection is for a significant amount of money to be made in the first four years towards the construction that the Board wants to do. It will hopefully be enough to cut the second bond issue in half.

Herb Johnson commented that we are still staying at least 20% or better, below City of Tucson rates even at this percentage.

No action was taken on this item.

11. Ratification of insurance coverage for Metropolitan Domestic Water Improvement District.

Mr. Greenawalt gave a synopsis of the insurance coverage now in place with the premium amounts and due dates.

The motion was made by Kate O'Rielly and seconded by Herb Johnson to ratify the insurance coverage as presented. The motion carried unanimously.

12. Approval of Office Space Lease.

Mr. Logan stated that the current monthly expense for rent is \$1730.00. That breaks down to \$9.80 a square foot and if you add in utilities it gives a net cost of \$13.00 a square foot which is extremely high. He received a proposal from the current landlord for a 6 year lease, giving us additional space for approximately \$9.00 a square foot plus utilities and an increase to \$9.75 next year with a 4% to 5% increase thereafter over the next 4 years. Logan recommended to attempt to keep on a month-to-month basis and shop around for other facilities.

A motion was made by Jim Tripp and seconded by Herb Johnson to look for alternative office space and come back at the next meeting with more information. The motion carried unanimously.

13. Review and approve the "Demand List". (To be presented at meeting.)

The motion was made by Kate O'Rielly and seconded by Jim Tripp to approve the demand list as presented. The motion carried unanimously.

E. ADJOURNMENT

As there was no further business to come before the Board, Jim Tripp made a motion to adjourn the meeting. The motion was seconded by Herb Johnson and carried unanimously. The meeting adjourned at 6:50 p.m.

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Chair

ATTEST:

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Clerk