

Joseph City Utilities
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BOARD MEETING MINUTES

Meeting Date: January 15, 2019

Call to Order: 6:00 p.m.

Pledge: Andrew Bushman

Prayer: Rhonda Roberson

In Attendance:

Board members: Rhonda Roberson, Joe Zabadal, and Tom Peterson

Employees: Tilynn Martineau, Kellen Roberson, & Albino Quintana.

Public: Andrew Bushman, Rusty Westover, & Catrina Jenkins

Call to Public: N/A

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as written. Joe Zabadal seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, and Tom Peterson.

Acceptance of Last Meeting Minutes: Joe Zabadal makes a motion to approve the meeting minutes from November 27, 2018. Rhonda Roberson seconds the motion. All in favor; Joe Zabadal, Rhonda Roberson, and Tom Peterson.

Operations Manager Report: Kellen Roberson reports that we have had a quiet month. Kellen states that the field crew was able to complete the field compliance issues for ADEQ and that she is working to complete the sampling

paperwork. Kellen states that the compliance deadline is February 1, 2019 and we should have no issues meeting this deadline.

Kellen states that she did review 2018 and most of the unfinished items that she found were items that are multi-year projects such as mapping, the Master Plan, smart meters, and the operations bylaws. Kellen reports that one item that the office would like to address this year is the purchase of new billing software.

Rhonda Roberson inquires about the fencing at the reuse pasture. Tilynn Martineau states that she received an email from BNSF inquiring about the supplies we needed. Tilynn sent her the supply list and we are waiting for her to respond that the items are available for pick up.

Tom Peterson inquires about the status of the diesel tank. Kellen states that she has been researching the requirements for the diesel tank and looking for a containment. Rusty Westover inquires if a lined dirt berm-basin will work for a containment. Joe Zabadal suggested that we have Earl Roberson or Randy Murph build a custom containment for the diesel tank. Kellen states that she will get a containment figured out and hopefully this project will be completed by the next meeting.

District Manager Report: Tilynn Martineau reports that we have started training Kellen on the financial side of the business to ensure that she wants to take it all on when I leave. We are working on wrapping up the year-end financials and 1099's. Tilynn states that we had a tough December due to 3 payrolls and the bonus payroll falling in the same month, as well as the tank cleaning. We also have the 2018 year-end for both Districts, and both Districts ended the year with a larger profit margin than we had budgeted.

Tilynn states that she has some state required paperwork for the TPT taxes as well as new Board member paper work to filled out.

Overall we have been very busy with the yearend and new year turn over as well as training Kellen as the District Manager.

OLD BUSINESS

No discussion of old business is currently necessary.

NEW BUSINESS

By consensus the Board agrees to address Board Member Candidates and Grant Proposal Status Update prior to the Operations and District Manager's reports.

Board Member Candidates; Rusty Westover & Andrew Bushman: Rhonda Roberson makes a motion to accept Andrew Bushman & Rusty Westover on to the Water and Sanitary District Boards with terms ending in 2022. Joe Zabadal seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, and Tom Peterson.

Andrew Bushman and Rusty Westover take the Oath of Office.

Grant Proposal Status Update: Catrina Jenkins states that she and Kellen Roberson have been working together for the past 4 months to prepare the grant applications for the Well Backup Generator project. There were actually two funding opportunities, one of the applications has been submitted to the Hazard Mitigation Grant Program, for which our project was waitlisted. The second opportunity was a far more labor-intensive application. FEMA requires each applicant to submit a Benefit Cost Analysis for their project. Catrina states that it has been 10 plus years since she completed a BCA and the requirements have changed drastically since then. Catrina states that after speaking with Kellen, we were not comfortable submitting a partially completed application. Catrina states that this FEMA funding is an annual grant opportunity that will become available to us again this fall. Kellen and Catrina have committed to working together monthly at a minimum to create and complete the best application possible for this upcoming funding opportunity. One of the tools that we are hoping to use is ASU's School of Emergency Management. This class can take our project BCA on as a class project and complete the entire BCA on our behalf. Catrina states that we will submit a NOI for the 2019 funding opportunity prior to March 1st, 2019. We only have minor adjustments to make to the NOI. After submission the NOI's are reviewed and ranked according the best projects for funding. We are confident that we can receive a high ranking as we were ranked very highly with our previous NOI. Rhonda Roberson inquires how many other funding opportunities this can open for JCUDWID with Kellen and Catrina working together. Catrina states that DWIDs are a new sector for her, but she is excited to dive in and see what other funding is available for a rural, community-based water system like Joseph City. Catrina states that grants take time which is one of the downfalls. We meet the government deadlines but once it is in their hands it is a patience game waiting for the review and final awarding of funding. Kellen and Catrina will be in contact with each other to schedule our first meeting. Kellen Roberson states she will keep the Board updated as this project progresses.

By consensus the Board agrees to move to Unpaid Leave; Albino Quintana. Joe Zabadal makes a motion to go into executive session. Tom Peterson seconds the motion. All in favor; Andrew Bushman, Rhonda Roberson, Rusty Westover, Tom Peterson, and Joe Zabadal.

The Board moves to Executive session at 6:23 pm.

*****EXECUTIVE SESSION*****

By consensus the Board reconvenes to open session at 6:32 pm.

Unpaid Leave, Albino Quintana: Andrew Bushman makes a motion to approve Albino Quintana for unpaid leave and permission to return to work prior to the next Board meeting if a full work release with no restrictions from his physician is presented to the Office staff. Joe Zabadal seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Tom Peterson, Joe Zabadal, and Andrew Bushman.

Board Officers:

- 1. Board Chairman:** Andrew Bushman nominates Joe Zabadal as Board Chairman. Tom Peterson seconds the nomination. All in favor; Rusty Westover, Rhonda Roberson, Tom Peterson, and Andrew Bushman. Joe Zabadal abstains.
- 2. Board Vice Chairman:** Joe Zabadal nominates Andrew Bushman as Board Vice Chairman. Rhonda Roberson seconds the nomination. All in favor; Rusty Westover, Tom Peterson, Rhonda Roberson, and Joe Zabadal. Andrew Bushman abstains.
- 3. Board Clerk:** Tom Peterson nominates Rhonda Roberson as Board Clerk. Joe Zabadal seconds the nomination. All in favor; Rusty Westover, Andrew Bushman, Tom Peterson, and Joe Zabadal. Rhonda Roberson abstains.

Authorized Bank Signers: Andrew Bushman makes a motion to remove Pat Pogue as an authorized bank signer and replace her with Joe Zabadal. Authorized bank signers will be Tilynn Martineau, Andrew Bushman, Rhonda Roberson, and Joe Zabadal. Rhonda Roberson seconds the motion. All in favor; Rusty Westover, Tom Peterson, Andrew Bushman, Joe Zabadal, and Rhonda Roberson.

2019 Water District Budget: Rhonda Roberson makes a motion to approve the 2019 Water District Budget as presented. Joe Zabadal seconds the motion. All

in favor; Rusty Westover, Andrew Bushman, Tom Peterson, Joe Zabadal, and Rhonda Roberson.

2019 Sanitary District Budget: Rhonda Roberson makes a motion to approve the 2019 Sanitary District Budget as presented. Joe Zabadal seconds the motion. All in favor; Rusty Westover, Andrew Bushman, Tom Peterson, Joe Zabadal, and Rhonda Roberson.

2019 Meeting Schedule: Rhonda Roberson makes a motion for the monthly District meetings to be held on the 4th Tuesday of every month. Andrew Bushman seconds the motion. All in favor; Rusty Westover, Tom Peterson, Joe Zabadal, Andrew Bushman, and Rhonda Roberson.

Water & Sewer Rates: By consensus the Board tables this issue until further notice.

2019 District Goals: Andrew Bushman makes a motion to purchase new billing software by February 2019 to help increase revenue in the Sanitary District by enabling the District implement the sewer usage rates and classifications voted upon in the February 2018 Board Meeting. Rhonda Roberson seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Rhonda Roberson, Rusty Westover, and Andrew Bushman.

Andrew Bushman states that some of the priorities on his list are establishing the reuse fields as permanent pastures, setting up the diesel storage tank, and installing the smart meters. Kellen Roberson states that she will order a containment for the diesel storage tank and hopefully have that project completed by the next meeting.

Accounting and Financial Management Course, Kellen Roberson: Rhonda Roberson makes a motion to approve the attendance of these courses with the understanding that when possible Kellen Roberson also actively seeks to improve her Operator Certifications. Joe Zabadal seconds the motion. All in favor; Andrew Bushman, Rusty Westover, Tom Peterson, Joe Zabadal, and Rhonda Roberson.

Employee Review Procedures: By consensus the Board agrees to keep the employee review procedures the same as last year. The District Manager will review all employees and the Board will review the District Manager. Employee Reviews will be conducted in the March 2019 meeting.

Administrative Assistant Position: By consensus the Board tables this item until further notice.

Meeting Review & Upcoming Agenda Items:

- Fire Hydrant Maintenance
- Insurance Policy Renewal
- New Installations

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday February 26, 2019 at 6:00pm.

Meeting Adjourned: Rhonda Roberson declares the meeting adjourned at 8:32pm.

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BOARD MEETING MINUTES

Meeting Date: February 26, 2019

Call to Order: 5:58 p.m.

Pledge: Andrew Bushman

Prayer: Andrew Bushman

In Attendance:

Board members: Andrew Bushman, Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson

Employees: Tilynn Martineau & Kellen Roberson.

Public: Lance Baldwin, Rebecca Bushman, Carolyn Rice, Virgil Bushman, Shari McLaws, Lonnie McLaws, and Monti Hancock.

Call to Public: Carolyn Rice states that she understands that she can only speak to certain items on the agenda but would like to address the Board with her concerns. The December end of year financial reports are not on the website nor has she personally requested a copy. She states that she has reviewed the website and the only mention she can find of the 2019 Budgets are from when they were approved in January, which is not on the website nor has she requested a copy. Carolyn Rice states that she has been looking through the financial reports and she cannot find a report with actual vs budgeted variance comparisons. She is just trying to understand what our costs are, she understands that they are your costs but is a concerned citizen. She is also concerned that

the 2019 budgets were only addressed in one meeting and was approved. Carolyn Rice states that her personal budget takes more than one review, the businesses that she has been involved in have taken multiple reviews, and so she is concerned that the budget needs to be hashed out a little bit more. Along with the budget are the changes in revenue and income that are coming. Carolyn Rice states that her concern is that the county missed out on the jail tax that they put up for vote in August, the school also lost their override election, both of those entities are having to review every single line item and every single department is having to make the necessary budget cuts, both of those entities are going to have an impact, minor or major, on the utility company. Carolyn Rice states that she expects that we are going to feel those impacts. Carolyn Rice continues stating that in November Joseph City Utilities paid Navajo County an election fee, and if the school closed the swimming pool which she imagines would be a big impact on the water income, which she doesn't know for sure but imagines it would be. Does your budget include revenue and expense pieces, and were these two items included on your budget, and if so what was the impact that you did consider on the budgets? In the January meeting a billing software was discussed and approved for purchase to start charging a sewer usage, Carolyn Rice would like to see the cost benefit analysis of the software, how much revenue will this gain vs the cost of not only the software package but also the training and perhaps travel. Carolyn Rice would like to know if the commercial accounts were included on this because she knows that her commercial accounts have already been charged that fee. What is the payback time on this purchase, how many years will it take to repay the expense? Carolyn Rice states that she performed a cost benefit analysis on her personal and business accounts and the impact it would make on her, was this analysis done and can she view the analysis. Carolyn Rice states that she does not find anywhere where the sewer usage fee when that was approved, stating that she reviewed minutes for the past year and did not see it, though she may have missed it, she is just curious when that was approved. Carolyn Rice states that she has requested sewer and water hook ups at multiple parcels in town, she based her fees as the fees stated on the website and so requesting this before the Board decides to start charging the \$5000 investigation fee which was also discussed of being nonrefundable, will hurt the value and salability of her properties. Carolyn states that at \$5000, she assumes at \$20/hour, that is 250 hours that that person would be charged for determining how to hook up water

and sewer, which I assume has been done several times in the past years. Carolyn Rice states that she asked for the Board meeting minutes, she requested them on February 9, 2018 and they were received via email on February 21, 2018, she just asks that those already be placed on the website so that she does not have to request them, and they are already available for her review. Carolyn Rice states that part of this is just being transparent and the Board can get input and she is willing to help and give constructive input, things that maybe you all could consider as a Board. Carolyn Rice states that she appreciates the Boards time and her ability to present her concerns.

Andrew Bushman requests a copy of bullet list of the concerns and items that she listed in her address.

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as written. Rusty Westover seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, Andrew Bushman, Rusty Westover, and Tom Peterson.

Acceptance of Last Meeting Minutes: Andrew Bushman requests that the wording under the 2019 Goals be clarified to state that the new billing software will allow the District to implement the sewer usage rates and classifications voted upon in the February 2018 Board Meeting. Joe Zabadal makes a motion to approve the meeting minutes from January 15, 2018 with the stated amendment. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Rhonda Roberson, Andrew Bushman, Rusty Westover, and Tom Peterson.

Operations Manager Report: Kellen Roberson states that things have been going well in the field doing regular maintenance and clean up that needed to be addressed. Kellen Roberson states that she has been very busy working on the backup generator grant application with Catrina Jenkins from Navajo County and working with Tilynn Martineau on the full range of duties required by the District Manager. Kellen Roberson states that she has a meeting on Wednesday February 27, 2019 with Catrina Jenkins which should put or Notice of Intent almost complete.

Andrew Bushman inquires what the status is for the BNSF right-of-way fence is. Kellen Roberson states that fencing material has been purchased and we are hoping to begin working on that project next week when the materials arrive. Tilynn Martineau states that we had not heard back from BNSF and felt that it was the best idea to move forward and purchase the required materials.

Kellen Roberson also states that the diesel storage tank has also been set up with containment. Kellen Roberson states that she emailed Bradco and is waiting for response to schedule the tank to be filled.

Andrew Bushman inquires if the ADEQ compliance report was completed. Kellen Roberson states that all issues with ADEQ have been address and the NOV closure notice has been received, there are currently no issues with ADEQ.

District Manager Report: Tilynn Martineau states that the finances we about average for this month, though with the purchase of the billing software the Sanitary District required a \$1000 reimbursement transfer. Tilynn Martineau states that we have been working with Donald Ignace on the year end financial documents. Tilynn Martineau states that Kellen Roberson has been working on most of these items because we thought Tilynn Martineau was taking a new job opportunity. Tilynn Martineau turned down the job opportunity and will be staying with Joseph City Utilities through the summer of 2019. Rhonda Roberson states that she was made aware that Tilynn Martineau has been working on the procedure manuals and would like to thank her for that because having good reference materials is important when training and transferring positions. Tilynn Martineau states that while Kellen Roberson has been working on the finances and running the reports that she has been working on some of the larger projects that need attention like the procedure manuals, the new QuickBooks files, and reference materials. Rhonda Roberson inquires if we have received and resumes or interest in the position? Tilynn states that we have not because we have been unable to advertise.

Andrew Bushman states that he has some questions about the profit and loss report but with all the points that Carolyn Rice brought up, Andrew Bushman would like to review her points and suggestions before discussing his questions.

OLD BUSINESS

No discussion of old business is currently necessary.

NEW BUSINESS

Availability of Draft Meeting Minutes: Kellen Roberson states that Carolyn Rice requested this item be placed on the agenda. Carolyn Rice states that she would like to have to draft meeting minutes and the draft agenda posted on the website prior to the meeting as normal course of business, if not she can request it but if they can post it that is one or two less emails from Carolyn that the office will have to deal with. Rhonda Roberson makes a motion that the

office staff does what they can get the stated items on the website. Andrew Bushman seconds the motion. Andrew Bushman inquires what do the open meeting laws state in regard to these items. Rhonda Roberson states that it is her understanding that we do not have to post these items on the website, and the meeting minutes need to be available for review 3 days after the meeting, and for the office to be required to post these things in that time frame is pushing it. Rhonda Roberson continues stating that whether anyone realizes it or not these two girls have a lot to do and that is putting one more thing on their plate. Carolyn Rice states that she personally would not be stuck on the 3 days if she knows that it is coming in the next week. Carolyn Rice continues stating that she would just ask that she has more than walking into the meeting and being expected to review them. Tilynn Martineau states that we are required to have the minutes available for review in 3 days, but we are not required to post anything on the website, that is something that we do as curtesy to the customers. Rhonda Roberson states that the problem that she sees with this is that things can be misconstrued on the website, as they have been in the past, and therefor causes concern that it will do more harm than good. Andrew Bushman states that whether we post the draft minutes on the website or not we need to make sure that we are obeying the open meeting laws, he has heard that some places are required to post all open meeting information on their website. Kellen Roberson states that the attorney stated that we are not required to have a website and the contents of the website was at the discretion of the Board. Andrew Bushman states that he just wants to ensure that we follow the law. Rhonda Roberson states that she does not feel good about continuing to add little things here and there on to the girls we are going to continually be paying them more hours, and we are trying to cut expenses. Rhonda Roberson amends her motion to not place the draft meeting minutes on the website. Tilynn Martineau states that the more information that we place on the website the more misinterpretation we are opening ourselves up to and we are going to have to have disclaimers everywhere. Andrew seconds the motion. Motion fails. By consensus the Board tables this item for further investigation.

Insurance Policy Renewal: Monti Hancock provides a detailed explanation of the District's different policies and coverages.

Rhonda Roberson makes a motion not to purchase terrorist insurance. Andrew Bushman seconds the motion. All in favor; Rhonda Roberson, Andrew Bushman, Rusty Westover, Joe Zabadal, and Tom Peterson.

Andrew Bushman makes a motion to purchase the general liability insurance and pollution insurance. Joe Zabadal seconds the motion. All in favor; Rhonda Roberson, Andrew Bushman, Rusty Westover, Joe Zabadal, and Tom Peterson.

Fire Hydrant Maintenance: Tilynn Martineau states that she had a member of the Fire Department inquire about who oversees the blowing off the fire hydrants, because they recently had a fire call at the elementary school and this firefighter had to blow the hydrant off for close to 10 minutes because it was so filled with dirt. This firefighter was told that it was Joseph City Utilities responsibility to maintain the hydrants, but the understanding between the two entities is that JCU will maintain all underground assets and the fire department is responsible for blowing off the hydrants and all above ground maintenance. Tilynn Martineau states that she felt it was important to speak to the Board about this and discuss if we need to have a meeting of the entities to clarify the agreement. Andrew Bushman states that 8-10 years ago JCU was being paid by JCFD to maintain the fire hydrants. As the regulations and standards changed JCU was unable to keep up with the required maintenance schedule. A letter was drafted to the Joseph City Fire Department stating that Joseph City Utilities would maintain and repair everything underground, but the fire department would be responsible for all maintenance and repairs above ground. Andrew Bushman states that the fire department did not respond to the letter, but did stop paying the maintenance fee, which the Board took as accepting the new conditions. Rhonda Roberson requests that the office staff find the letter that Andrew Bushman referred to and place this item on the agenda next month.

Request for New Installation:

Lance Baldwin, Ravine & Porter: Lance Baldwin states that he has been speaking with Kellen Roberson about the cost to build a home on the property he owns and the end of Ravine and Porter. Lance would like to know if we can provide sewer and if we can what the cost associated with service would be. Kellen Roberson states that where the property is located there is a manhole on Porter and Ravine Trail. The sewer lines are 11.5 feet deep, which will require professional excavation and shoring. It is approximately 530ft from the manhole to the customers property line. Kellen Roberson states that she is unsure if the property can receive sewer service. Rhonda Roberson inquires if Lance Baldwin plans on developing the property any further. Lance Baldwin states that he would eventually like to build 3 houses on the property but currently is only looking at building one. Rhonda Roberson states that we have to consider the possible development of the land because the needs of a single home are not the same as the needs of 3-5 homes. Lance Baldwin states that he would like to build 3 homes over the next 10 years but is currently only looking to build a single home. Lance Baldwin continues stating that it would be nearly the same installation that Damon Hughes did, same depth nearly the same distance. Rhonda Roberson inquires about the line extension that we did for Dayton Flake

and why we felt that was a viable project. Kellen Roberson states that the project was a water line extension that added a fire hydrant near the Cholla trailer park and is also the first section of a loop we have been looking to add. Joe Zabadal states that the property line is 500 plus feet from the sewer line, so whose property are we crossing and will it require obtaining an easement. Lance Baldwin states that there is an existing easement on Ravine Trail. Rhonda Roberson inquires exactly what Lance Baldwin is requesting and what his plan is for the future should he decide to continue to develop these properties or sell them. Rhonda Roberson states that we have had multiple issues in town with people connecting to someone else's private line as a line extension for a new home and the single dwelling lines cannot handle the demand. Lance Baldwin states that he would like to build 3 homes on the property but cannot promise that and would not expect the Board to make a vote based on that information. Rhonda Roberson inquires if Kellen Roberson can clear up the potential cost of the project. Kellen Roberson states that based on the information that she has been able to gather from local contractors and the cost of the previous installations that were done on that road, currently she can estimate the cost at \$45.00/linear foot. Kellen Roberson states that this price was established based on the depth of the sewer and that she will have to have the ditch professionally excavated and shored, as well as the road repair. Kellen Roberson states that this is a very large project and should probably be contracted out. Tilynn Martineau states that this is a very similar project to the service tap that was done for Dan and Jess Bushman, McCauley Construction was called in to do the excavation because of the depth and the shoring requirements as well as the road repair. Rusty Westover states that the county did change the repair requirements a few years back from a cold patch to requiring a hot patch, which Joseph City Utilities is not certified to do and changes the cost for the repair. Virgil Bushman inquires what the criteria is for requiring homes to connect to the city sewer. Virgil Bushman states that when he built his home there was not sewer on Porter Ave but years later they ran a sewer line and he was required to abandon his septic system and pay to connect to the city sewer line. Andrew Bushman states that according to ADEQ all feasible homes are required to connect to city sewer, if it is not a feasible project then a septic system will be permitted. Andrew Bushman states that the Board of Directors is the determining agent for feasibility. Andrew Bushman states that as per Navajo County permitting requirements, Joseph City Utilities has to determine either way if water and sewer are feasible to the property. Rusty Westover inquires whether or not Joseph City Utilities is required to complete the entire installation or if we can get the sewer line across the road and the customer can hire a contractor finish the remainder of the installation.

Joe Zabadal and Kellen Roberson feel that is not recommended because the line would be JCU's responsibility and therefore we need to ensure that the lines are installed to our standards. Andrew Bushman states that there is potential for 4 additional hookups to benefit JCU. Rhonda Roberson inquires if there are zoning restrictions that require only one home per acre in that area. Lance Baldwin states that yes, the residential zoning restrictions in that area require a minimum of 1 acre per residence. Andrew Bushman inquires if we are will be able to provide service to the furthest end of the lot, because of the grade change. Andrew Bushman inquires if we are keeping Lance Baldwin from getting his building permits. Lance Baldwin states that because of the new restrictions he is required to have a letter from the utility stating that they will or will not provide service before the county will grant him his building permits. Lance Baldwin inquires what it will cost to have a water line installed to his property and will the cost be pushed onto him or will JCU be paying for the line installation. Joe Zabadal states that this is a similar situation to the sewer line only slightly less expensive because we will not be 11.5 feet deep and it will not require a road cut because the water line is on the east side of Porter Ave. Rusty Westover states that when the water line to his home was installed it was installed by a private land owner but JCU required it be a large enough line to handle multiple homes, and JCU eventually adopted the line as their own. Joe Zabadal states that this is exactly what we are attempting to get away from because we have these adopted lines all over town that were installed on the good old boy system and now we are paying the price to clean up and repair these lines. Kellen Roberson states that this would be a similar installation to Dayton Flake, he would pay for the 2" line extension and we would pay the difference to upgrade that 2" line to a 6" water line. Andrew Bushman states that if he wants to hire a contractor that can install the water line cheaper than we can, he should be able to do that. Rhonda Roberson states that her issue with that is that how can we be responsible for a water or sewer line that we did not install. Rusty Westover states that if we are taking ownership of the line then we need to set the standards that is has to be installed to and inspect it before the ditch is closed. Rhonda Roberson makes a motion that we table this issue for further information. Motion fails. Andrew Bushman states that his issue is ensuring that Lance Baldwin can get his permits while we continue to discuss and plan the logistics and cost of the installations. By consensus the Board determines that sewer services to Lance Baldwin's property in question are not feasible. Lance Baldwin then inquires about the installation of water lines to the property? Andrew Bushman states that we do not have any numbers to make an educated guess about the cost of these projects. Kellen Roberson states that there is not a road cut involved in the water line but an extension will be

required. Andrew Bushman inquires what the base cost of a ¾" water meter is. Kellen Roberson states that a base ¾" water meter installation is \$1000.00 but this is not a base installation. Andrew Bushman inquires if we are able to tap a 2" water line at the road and let the customer tie on and run the water line the rest of the way themselves or have a contractor install the line, it could be cheaper than JCU doing the installation. Rusty Westover feels that we have to be careful about setting a precedence with one customer that we want to extend to all customers but is a good idea to think about. Lance Baldwin inquires is he will be refunded for running the 2" water line to those properties if he doesn't build another home. Rhonda Roberson inquires what we did for the Flake line extension and meter installation. Kellen Roberson states that Dayton Flake paid \$3000 for a 2" water line to be ran 800 feet, Joseph City DWID paid to upgrade that line a 6" water line and JCFD paid to have a fire hydrant installed. Dayton Flake then requested a 1 ½" water meter and paid \$2600 for the meter installation, totaling the customer cost at \$5600. Rhonda Roberson feels that the precedent has been set with the Flake installation and we should use the determining factors in this case as we did then. Andrew Bushman asks Lance Baldwin if he minds if we table this issue to clarify the facts and get the Board on the same page. Lance Baldwin agrees, stating that we are making it very difficult to build a home in Joseph City. Joe Zabaddal states that that was not the standard that that was the exception to the standard because we chose to upgrade the line. Kellen Roberson states that the customer did not pay for any of the upgrades, he paid for the 2" water line that we required because it was a line extension. Lance Baldwin states that he only needs a ¾" water line, and has no problem paying for the tap and running the line himself. By consensus the Board tables this issue until next month.

After further discussion the Board feels that they need to hold a workshop to discuss possible procedures and application processes. By consensus, a Board workshop will be held March 12, 2019 at 6:00pm.

By consensus, the Board tables all remaining installation discussion and possible approvals until the regularly scheduled meeting to be held in March.

Meeting Review & Upcoming Agenda Items:

- New Installation Procedures
- New Installations
- Employee Reviews
- Design Fees

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday March 26, 2019 at 6:00pm. By consensus the Board will hold a workshop on March 12, 2019 at 6:00pm.

Meeting Adjourned: Rhonda Roberson declares the meeting adjourned at 8:03pm.

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BOARD WORKSHOP SUMMARY

Workshop Date: March 12, 2019

Call to Order: 5:04 p.m.

Pledge: Rhonda Roberson

Prayer: Rhonda Roberson

In Attendance: Board members: Rhonda Roberson, Tom Peterson, Joe Zabadal, and Rusty Westover. Andrew Bushman arrives at 5:28pm. Employees: Kellen Roberson.

NEW BUSINESS

New Installation/New Construction Procedure: The Board reviews the current bylaws and discusses possible changes and requirements to streamline the application process. The discussed changes are to be presented at the next meeting for approval.

New Construction Checklist: The Board discusses possible items to be required by the applicant prior to reviewing their application, including parcel number and size, official proof of easements, existing underground utilities and locations, and a site plan. The Board directs the office staff to compile and present the list of suggested items for approval with a new application format at the next meeting.

Design Fees/Application review fee: The Board feels that in order to protect the company's time it is wise to charge an application review fee. The Board directs the office staff to create an application fee schedule to be approved in the next Board meeting.

Line extension definitions: The Board feels that line extensions are properly defined within the operational procedures and explained during new construction procedures.

Maintenance and Repair/Construction: The Board feels that JCU is designated to be mostly maintenance and repair. Construction projects can be taken on when the crew is available to carry them out. The Board believes that it is at their discretion and under the advice of the Operations Manager that projects may be contracted out.

Easements and Roads: The Board feels that no further discussion is required at this time as this will be included in the new application format.

Primary use of property/Building requirements: The Board feels that no further discussion is required at this time as this will be included in the new application format.

Mapping: The Board inquires about the progression of the mapping in the mapping software. Kellen states that this is a time consuming process but we are making progress. The Board discusses areas in the community that are potentially complicated and directs the office to continue investigating the company's easements.

Unscheduled Time Off: The Board discusses the lack of clarity in the current time off procedures. Possible solutions are discussed. The Board directs the office staff to compile the suggested solutions into an employee handbook amendment to be approved at the next meeting.

Items to follow up on:

- **New Construction Application**
- **New Construction Checklist**
- **Application Review Fee**
- **Time off Amendment**

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BOARD MEETING MINUTES

Meeting Date: March 26, 2019

Call to Order: 6:01 p.m.

Pledge: Andrew Bushman

Prayer: Andrew Bushman

In Attendance:

Board members: Andrew Bushman, Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson

Employees: Tilynn Martineau & Kellen Roberson.

Public: Rebecca Bushman, Carolyn Rice, Marlene Westover, and Virgil Bushman.

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as written. Rusty Westover seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, Andrew Bushman, Rusty Westover, and Tom Peterson.

Call to the Public: Virgil Bushman inquires about the status of his meter application. Kellen Roberson states that due to the changes requested in the application itself, all meter installation have been place on hold until the new application is approved by the Board of Directors. Rhonda Roberson makes a motion to add an emergency agenda item regarding the approval of Virgil Bushman's Meter Application. Rusty Westover seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson. Andrew Bushman abstains due to conflict of interest.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the work session summary for March 12, 2019 as written. Andrew Bushman seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Andrew Bushman, Joe Zabadal, and Tom Peterson.

Andrew Bushman moves to approve the regular session meeting minutes from February 26, 2019 with the discussed amendments. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, Rhonda Roberson, and Rusty Westover.

Operations Manager Report: Kellen Roberson states that things have been going very smoothly this month and we have no major incidents to report. Albino received a full medical release and is back at work full time. Kellen Roberson states that the Notice of Intent for the Backup Generator grant has been submitted, so we are just waiting the review process to be complete through FEMA. Kellen Roberson states that we replaced a stretch of Orangeburg in the alley way behind 8134 S. Richards, which should clear up all the issues in this area. Andrew Bushman states that if we had mainline issues in that area, we need to discuss the reimbursement request submitted by that homeowner. Kellen Roberson states that she will add 8134 S Richards Reimbursement to the next agenda. Herschel and Jim are continuing to work on the mapping. We have a decent amount of the system mapped and are making progress every month.

District Manager Report: Tilynn Martineau reports that she has emailed BNSF for an update on the fencing material, they have some of the items requested but the order is not complete. The office did purchase the required fencing materials to repair the right of way fence. Once the supplies are received from BNSF we will use them to repair other portions of the fence. Tilynn Martineau reports that the accountant is still working on the year end financials, but they should be completed and ready for review in the April meeting. Tilynn Martineau reports that we are working with CUSI to build or software, but it is much more detailed than we initially thought therefor it is taking longer than expected to complete. Tilynn Martineau states that we received a notice from the Arizona Department of Revenue stating that we are required to file our TPT taxes online. We have been working to update the company profile but have been running into issues regarding who is named as an authorized user. We are submitting a company update form that should allow us to gain access to the online submission page.

OLD BUSINESS

No discussion of old business is currently necessary.

NEW BUSINESS

Water Meter Installation; 8192 Porter Ave: Rhonda Roberson makes a motion to approve the installation of Virgil Bushman's water meter at 8192 Porter Ave because it will not place any new demand on the water system, it will only add a new meter to an existing water line. Tom Peterson seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson. Andrew Bushman abstains due to conflict of interest.

Marlene Westover; Tank Property Survey and Water main Location: The Board discusses many solutions to Marlene's concerns regarding the use of the easement and potential hazards. By consensus the Board determines that no action is required at this time. The Board directs the office staff to investigate the ownership of the tank property, and if necessary contact Pioneer Title to verify the information.

Carolyn Rice; Financial Reports and Bullet Points: Carolyn Rice presents her suggestions for possible monthly Board reports. The Board takes Carolyn Rice's suggestions under consideration. By consensus the Board determines that no action is required at this time.

Updated Water District Bylaws: Rhonda Roberson makes a motion to approve the updated Water District Bylaws as written. Rusty Westover seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, Rhonda Roberson, and Rusty Westover.

New Construction Application: Rhonda Roberson makes a motion to approve the new construction application with the discussed changes. Joe Zabadal seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, Rhonda Roberson, and Rusty Westover.

Road Repair Fees: By consensus the Board determines that no action is needed at this time.

Design Fee/Application Review Fee: Andrew Bushman makes a motion to accept the application fee schedule with the discussed changes. Joe Zabadal seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Andrew Bushman, Joe Zabadal, and Tom Peterson.

1991 Dodge pickup: Andrew Bushman makes a motion to create a sealed bid auction for the 1991 Dodge, with a closing date of May 1, 2019. Tom Peterson seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Andrew Bushman, Joe Zabadal, and Tom Peterson.

Rhonda Roberson makes a motion to go to executive session at 8:35pm. Joe Zabadal seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, Rhonda Roberson, and Rusty Westover.

*****EXECUTIVE SESSION*****

By consensus the Board reconvenes to open session at 9:13pm.

Employment Status; Tilynn Martineau and Kellen Roberson: By consensus the Board determines that no action needed at this time.

Job Posting; Administrative Assistant and Bookkeeper: Rhonda Roberson makes a motion to post the Bookkeeping position to close in 2 weeks, April 12, 2019. Rusty Westover seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, Rhonda Roberson, and Rusty Westover.

Tom Peterson makes a motion to post the Administrative Assistant position, with no closing date. Andrew Bushman seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Andrew Bushman, Joe Zabadal, and Tom Peterson.

Bank Signer; Kellen Roberson: Andrew makes a motion to approve Kellen Roberson as an authorized bank signer. Tom Peterson seconds the motion. All in favor; Rusty Westover, Andrew Bushman, Joe Zabadal, and Tom Peterson. Rhonda Roberson abstains due to conflict of interest.

Meeting Review & Upcoming Agenda Items:

- Yvette De Jesus Reimbursement
- Employee Reviews
-

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday April 23, 2019 at 6:00pm.

Meeting Adjourned: Rhonda Roberson declares the meeting adjourned at 9:20pm.

Joseph City Utilities
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BOARD MEETING MINUTES

Meeting Date: April 23, 2019

Call to Order: 5:01 p.m.

Pledge: Andrew Bushman

Prayer: Rhonda Roberson

In Attendance:

Board members: Andrew Bushman, Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson

Employees: Tilynn Martineau & Kellen Roberson.

Public: Rebecca Bushman, Carolyn Rice, Gary Rice, and Elaina Wagoner.

Andrew Bushman makes a motion to move into executive session at 5:06 pm. Tom Peterson seconds the motion. All in favor; Rhonda Roberson, Rusty Westover, Joe Zabadal, Andrew Bushman, and Tom Peterson. Rusty Westover and Tilynn Martineau excuse themselves from the executive session at 5:10pm. Rusty Westover and Tilynn Martineau return to the executive session at 5:22pm.

*****EXECUTIVE SESSION*****

By consensus the Board reconvenes to open meeting at 5:55pm.

Call to the Public: Carolyn Rice states that she has concerns about the District budget. Carolyn is concerned about the wording on the new construction application about the \$200 design fee and it being refundable. Carolyn states

that she is also concerned about the payroll budget for adding 2 full time employees. Carolyn states that she would like to know the amount of extra income that the new sewer usage rates has brought in. Carolyn states that she believes that the office could have presented the Board with a summary document regarding the changes made to the Employee Handbook instead of presenting the entire document. Carolyn states that she has concerns regarding the purchase of the billing software and the potential cost of additional licenses. Carolyn questions if the Bookkeeper will be working in the office or from home, she is concerned about the added cost of purchasing her another computer and billing software license.

Acceptance of Last Meeting Minutes: Andrew Bushman makes a motion to accept the meeting minutes as presented for the regular session held on March 26, 2019. Rusty Westover seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Andrew Bushman, and Tom Peterson. Joe Zabadal abstains because he did not have time to review the minutes.

Operations Manager Report: Kellen Roberson states that the reuse pasture fence has been repaired on all sides where it was damaged from the flood. BNSF sent an email stating that the t post had arrived but the remainder of the order had not, Kellen states that she made the decision to purchase the materials and complete the project. If and when the items do arrive we can store them for future upgrades.

Kellen Roberson states that the new installation at 8192 Porter Ave was completed with no issues. Kellen Roberson states that she has spoken with Hatch Industries and is working on scheduling the road repair but for now the road has been backfilled with dirt and millings.

Kellen Roberson states that she emailed all of the customers that had previously requested a new installation and notified them that the new application was complete and attached it to the email.

Kellen Roberson states that our application to Rhinehart oil was received, reviewed and approved. Kellen confirms that the Board would like her to purchase dyed diesel fuel. Andrew Bushman states that sometimes the prices are the same, so to check their current pricing before ordering.

Kellen Roberson states that the field crew installed 15 smart meters this month. Andrew Bushman inquires how many we now have installed total. Kellen Roberson states that we have 227 of 441 currently installed, putting us at the halfway mark.

Kellen Roberson states that we were able to complete the capacity testing at the well this month and this is what we found.

- Static Water – 27ft Pump – 140ft Casing – 290ft Drilled – 390ft
 Drawdown – 11.27ft

Kellen Roberson states that this information shows that the pump has roughly 100 feet of water head which allows us to grow exponentially before there will be worry about any issues with our water supply. The sewer capacity was also determined. With our current APP Permit the sewer pond is permitted to accept 300,000 gallons of influent waste per day. We are currently averaging between 8,000 and 15,000 gallons per day.

Kellen Roberson states that we did get the truck parked on main street and have received quite a few calls from interested parties. Hopefully in the May meeting we will have good news regarding the auction.

District Manager Report: Tilynn Martineau states that we received a small reimbursement from the insurance company for the updated ADEQ information.

Tilynn Martineau states that we have been working on the issue with the TPT taxes and the state website. We were able to apply for a new TPT license and we are waiting on their approval. Tilynn Martineau states that when the TPT license is renewed every year the ownership information needs to be renewed also. Andrew Bushman asks if this will take care of the fines we have been paying and if we will be refunded for these fines. Tilynn Martineau states that once the online account is accepted then we are able to file a request for refund and the state will determine if we qualify.

Tilynn Martineau states that the office staff has spent quite a bit of time this month reviewing and organizing old files. We are doing our best to ensure that all the information from the old computers has been added to the server for easy access.

Tilynn Martineau states that she is still waiting for the yearend financial review from Donald Ignace, our accountant, but we should be receiving those any day. Andrew Bushman inquires when the financial review for each District is due to WIFA and Navajo County. Tilynn Martineau states she will investigate the due dates and reach out to Mr. Ignace to ensure that they are completed and signed prior to the due dates.

Tilynn Martineau states that this month is one of our lowest usage months of the entire year but because expenses were kept low we were able to turn a profit. While reviewing these reports the office staff noticed that we have not received

an invoice from Jeff Hammond for the past 4 months, so please make note that those should be showing up and will affect the upcoming expenses. Andrew Bushman inquires if we pay the same amount each month. Tilynn Martineau states that it is close to the same each month but also varies if we have to have them make extra trips over here.

Tilynn Martineau states that she has been working on the year to date report but was unable to have it finished for the meeting. Tilynn states that with the new budget layout it has been more difficult to complete, but when she does finish it she will get a copy to each Board member if they would like. Rusty Westover requests a copy.

BUSINESS

Marlene Westover easement issues; Tank property ownership, access road usage/purchase, easement road construction: By consensus the Board directs the office to obtain a condition of title, through a title company, for the property on which the tanks are located.

Andrew Bushman requests that the office staff update Marlene Westover in writing about the request for a condition of title, sent via certified mail.

Carolyn Rice; Financial Reports: Carolyn Rice presents her financial findings based on the financial information that was made available to her. The Board reviews Carolyn's compiled reports. Carolyn request the actual cost by month for the past 3 years so that she can create an actual budget, instead of basing it on month to month, this way she would be able to the trends of the company. After discussion the Board tables this item until the next Board meeting.

Employee Handbook: By consensus this item is tabled until the next Board meeting.

8134 N Richards Reimbursement: Andrew Bushman makes a motion to reimburse the customer at 8134 N Richards for the plumbers cost. Joe Zabadal seconds the motion. After discussion, motion fails. All in favor; none. Against; Joe Zabadal, Tom Peterson, Rusty Westover, Rhonda Roberson, and Andrew Bushman.

Public Input: Andrew Bushman states that the Chamber of Commerce and the local churches are looking to do a town clean up on June 22nd, 2019, and would like to see about having one of our roll off bins relocated to the park for that weekend. By consensus the Board agrees to have the office staff look into the possibility of having one of the 20 yard bins relocated for the weekend.

Reduction in Force: No action required at this time.

Website issues: No action required at this time

Job descriptions: Rhonda Roberson makes a motion to accept the new job descriptions as presented. Tom Peterson seconds the motion. All in favor; Rusty Westover, Rhonda Roberson, Joe Zabadal, Andrew Bushman, and Tom Peterson.

JCU Company Debit Card; Kellen Roberson: Andrew Bushman makes a motion to remove Tilynn Martineau as a company debit card holder and replace her with Kellen Roberson as the authorized debit card holder. Rusty Westover seconds the motion. All in favor; Tom Peterson, Andrew Bushman, Joe Zabadal, and Rusty Westover. Rhonda Roberson abstains due to conflict of interest.

Andrew Bushman makes a motion to move into executive session at 7:10pm. Joe Zabadal seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, Rhonda Roberson, and Rusty Westover. Rhonda Roberson excuses herself from the executive session at 7:18pm. Rhonda Roberson reenters the meeting at 7:27pm.

*****EXECUTIVE SESSION*****

By consensus the Board reconvenes to open session at 7:35pm.

Bookkeeper Applicant, Elaina Wagoner: Andrew Bushman makes a motion to hire Elaina Wagoner and accept all proposed conditions. Rusty Westover seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, Rhonda Roberson, and Rusty Westover.

Tilynn Martineau, **Employee Resignation:** Rhonda Roberson makes a motion to accept the resignation of Tilynn Martineau, but retain her as a consultant and approve office substitute. Andrew Bushman seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Andrew Bushman, and Rhonda Roberson. Rusty Westover abstains due to conflict of interest.

District Manager; Kellen Roberson: Joe Zabadal makes a motion to approve Kellen Roberson as District Manager and accept all proposed conditions. Tom Peterson seconds the motion. All in favor; Rusty Westover, Andrew Bushman, Joe Zabadal, and Tom Peterson. Rhonda Roberson abstains due to conflict of interest.

Meeting Review & Upcoming Agenda Items:

- Carolyn Rice Financial Reports
- Employee Handbook
- Kellen Roberson; Notary

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday May 28, 2019 at 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned at 7:38pm.

Joseph City Utilities
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BOARD MEETING MINUTES

Meeting Date: May 28, 2019

Call to Order: Joe Zabadal @ 6:01 p.m.

Pledge: Andrew Bushman

Prayer: Rhonda Roberson

In Attendance:

Board members: Andrew Bushman, Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson

Employees: Tilynn Martineau, Kellen Roberson, and Elaina Wagoner.

Public: Carolyn Rice arrives to the meeting at 6:25pm.

Call to the Public: N/A

Acceptance of the Agenda: Andrew Bushman makes a motion to accept the agenda as presented. Tom Peterson seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the meeting minutes as presented for the regular session held on April 23, 2019. Andrew Bushman seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

District Manager Report: Kellen Roberson states that they replace a large section of Orangeburg sewer line on 4th and replaced the sewer tap at 8150 Roberson

Ave. Kellen Roberson reports that we have 248 smart meters installed, and 20 we completed in the month of April. This pushes the company past the halfway point of the project.

The bidding for the 1991 Dodge has closed and we are currently contacting the bidders. The highest bidder had a change in situation and is unable to purchase the truck, so we will continue down the line until the truck is sold.

We are still accepting applications for the administrative assistant position. We hope to present our candidates at the next Board meeting.

We will be starting a sewer line extension on Randall Ave the beginning of June. The extension is approximately 640 feet and will add 2 new customers as well as enable us to pick up multiple other customers.

We currently have no issues with ADEQ at this time and are in full compliance.

Financial Manager Report: Elaina Wagoner reports that all in all her first month has gone very well and the companies look to be in good financial standing. She is working on changing a few things that will take some time to fully implement.

Our contract labor expenses were very high this month due to back billing from H&H Management. Jeff Hammonds computer system crashed and was just recently repaired so we did receive 4 months of bills at one time. We have paid 2 of the invoices and will pay the remaining 2 next month. Other expenses included the annual maintenance fee for the mapping software and the fueling of the new diesel storage tank.

Next month we will be working on presenting the new budget format which will show a year to date running total for each district in comparison to the approved budget.

BUSINESS

Financial Documents, Carolyn Rice: Carolyn Rice is requesting copies of the 2016, 2017, and 2018 expense reports. By consensus the Board agrees that the office staff will provide these in a timely manner.

Accountant, Neil Randstrom: By consensus this item is tabled until further notice.

Agenda Item Request Form: Rhonda Roberson makes a motion to accept the Agenda Item Request Form as presented. Joe Zabadal seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

Employee Handbook: Rhonda Roberson makes a motion to accept the Employee Handbook as presented. Tom Peterson seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

JCDWID FY18 Financial Review: Rhonda Roberson makes a motion to accept the FY18 Financial Review for the Water District. Andrew Bushman seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

JCSD FY18 Financial Review: Rhonda Roberson makes a motion to accept the FY18 Financial Review for the Sanitary District. Andrew Bushman seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

Tank Property Information: Andrew Bushman makes a motion to move into executive session at 7:00pm. Rhonda Roberson seconds the motion.

*****EXECUTIVE SESSION*****

By consensus the Board reconvenes to open session at 7:35pm.

The Board appoints Joe Zabadal and Tom Peterson to be the official points of contact for the proposals to be presented to the property owner. The Board directs Joe Zabadal and Tom Peterson to work directly with Kellen Roberson to create the proposals as discussed and present them to the property owner as soon as possible.

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday June 25, 2019 at 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned at 7:45pm.

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BOARD MEETING MINUTES

Meeting Date: June 25, 2019

Call to Order: Joe Zabadal @ 6:03 p.m.

Pledge: Rhonda Roberson

Prayer: Rhonda Roberson

In Attendance:

Board members: Andrew Bushman, Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson

Employees: Kellen Roberson, and Elaina Wagoner.

Public: Alan Palmer, Kerri Johnson, Rebecca Bushman, Kenny Westover, and Jennifer Westover

Call to the Public:

Rhonda Roberson reads the call to public disclosure.

Alan Palmer thanks the Board for their service and suggests that we create an incentive program for community members, such as vote for the most improved yard or best yard each month and offer one month of free water to the winner. Mr. Palmer feels that this will encourage community members to not only improve the yard and the town but also be more involved with the water department.

Kenny Westover states that he would like to see more community members attending Board meetings and supporting the chosen officials instead of negative comments. Mr. Westover states that he would like to see more support for each other and our public servants rather than dragging each other down and wanting only for themselves. Mr. Westover states that he plans on attending meetings more often to show his support and share his input.

Kerri Johnson states that she is here to show her support to the Board and do her part to be more involved in the community.

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as presented. Tom Peterson seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the meeting minutes as presented for the regular session held on May 28, 2019 with the addition that Joe Zabadal called the meeting to order. Joe Zabadal seconds the motion. All in favor; Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson. Andrew Bushman abstains.

District Manager Report: Kellen Roberson states that the new sewer line on Randall is expected to be completed early next week. We have approximately 150 feet remaining. Upon the completion of the sewer line project we will be installing 2 new meters on Randall.

We have 253 smart meters installed and 235 remaining. I would like to schedule a workshop in the upcoming months to discuss the installation plan for the larger meters, as well as the meter replacement for the wells.

I have 4 applicants for the Admin position and would like to schedule interviews in the next week or two, which we can talk about under the listed agenda item.

The CCR Reports are now available, I have posted them on the website, made a note on the bills, and requested a newspaper listing as required by ADEQ.

Lead and copper samples have been taken and turned in to the lab. We currently have no issues with ADEQ and are in full compliance at this time.

I have submitted a new form to the Dept of Rev. that should update the company file listing me as the point of contact, which should allow access to the online account when the paper is filed.

Financial Manager Report: Elaina Wagoner states the utility company is in good financial standing, with excess revenues being transferred into the savings account after minimum checking balances, voted on by the board, have been met.

Financial reporting has been changed to a 1st-31st reporting style from the previous 16th-15th reporting style that was used. Because of the change in reporting style some of the May expenses have been already reported at the last board meeting. Larger expenses for the month May were; three payroll periods, annual mapping fee, and certified operator fees were billed all at one time there for two months were paid for in May. The expense for dump transport has also increased as weather has gotten warmer.

The 2019 budget voted by the Board has been reformatted into QuickBooks for ease of reporting (no amounts of budgeted items were changed). Reformatted budgets will be uploaded on the website.

The 2018 financial review was reported to the Water Infrastructure Finance Authority of Arizona (WIFA).

BUSINESS

4642 8th North Property Purchase Proposal: Joe Zabadal makes a motion to move into executive session at 6:52pm. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Tom Peterson, Rhonda Roberson, and Andrew Bushman. Rusty Westover abstains and excuses himself from the meeting due to conflict of interest.

*****EXECUTIVE SESSION*****

The Board reconvenes to public session at 7:23pm. Rusty Westover rejoins the meeting and all public is invited to return.

Andrew Bushman makes a motion that in consideration of the proposal presented to the Board of Directors by the property owner, we as a Board seek legal counsel to ensure that we are acting within the full constraints of the law, and to notify the property owner via certified mail. Joe Zabadal seconds the motion. All in favor; Andrew Bushman, Joe Zabadal, Tom Peterson, and Rhonda Roberson. Rusty Westover abstains due to conflict of interest.

Assessed Fees/Cost Recuperation: By consensus this item is tabled until further notice.

Road Access Agreement; Parcel #107-07-046G: By consensus this item is tabled until further notice.

Tank Property Deed Amendment: Kellen Roberson explains that the legal description on the deed that Kenny Westover signed to Joseph City DWID is incorrect. The deed describes the entire property, including a parcel that was already owned by Joseph City DWID. This needs to be amended and rerecorded to state only the new land that was deeded from Kenny Westover to Joseph City DWID. Rhonda Roberson makes a motion to move forward by whatever means necessary to amend the description at no cost to Kenny Westover. Andrew Bushman seconds the motion. All in favor; Joe Zabadal, Rusty Westover, Rhonda Roberson, Andrew Bushman, and Tom Peterson.

Hiring Authority of the District Manager: By consensus the Board agrees that Kellen Roberson can move forward with conducting interviews, final hiring will be done by the Board of Directors and a special meeting can be held if needed.

Resignation of the Board Vice Chairman; Andrew Bushman: Andrew Bushman states that at the conclusion of this meeting he is resigning from the Joseph City Domestic Water Improvement and Sanitary District Boards. Rhonda Roberson makes a motion to accept the resignation of Andrew Bushman. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Rusty Westover, Tom Peterson, and Rhonda Roberson.

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday July 23, 2019 at 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned at 7:31pm.

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SPECIAL BOARD MEETING MINUTES

Meeting Date: July 8, 2019

Call to Order: Joe Zabadal @ 6:05 p.m.

Pledge: Rusty Westover

Prayer: Rhonda Roberson

In Attendance:

Board members: Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson

Employees: Kellen Roberson.

Public: Johnny Johnson

Call to the Public: N/A

Acceptance of the Agenda: Tom Peterson makes a motion to accept the agenda as presented. Joe Zabadal seconds the motion. All in favor; Joe Zabadal, Tom Peterson, Rusty Westover, and Rhonda Roberson.

Acceptance of Last Meeting Minutes: N/A

District Manager Report: N/A

Financial Manager Report: N/A

BUSINESS

Board Member Candidate; Johnny Johnson: Tom Peterson makes a motion to appoint Johnny Johnson to the position of Board Member of the Joseph City Domestic Water Improvement and Sanitary Districts. Rhonda seconds the motion. All in favor; Joe Zabadal, Rhonda Roberson, and Tom Peterson. Rusty Westover abstains due to conflict of interest. Johnny Johnson recites the Oath of Office.

Board Officer; Vice Chairman: Tom Peterson nominates Rusty Westover for Board Vice Chairman. Joe Zabadal seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Rhonda Roberson, and Johnny Johnson. Rusty Westover abstains.

Set a Date for the next Board Meeting: N/A

Meeting Adjourned: By consensus the meeting is adjourned at 6:15 pm.

Joseph City Domestic Water
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BOARD MEETING MINUTES

Meeting Date: July 23, 2019

Call to Order: Joe Zabadal @ 6:03 p.m.

Pledge: Rhonda Roberson

Prayer: Rhonda Roberson

In Attendance:

Board members: Rusty Westover, Johnny Johnson, Rhonda Roberson, Joe Zabadal, and Tom Peterson.

Johnny Johnson arrives at 6:13pm.

Rusty Westover arrives at 6:15pm

Employees: Kellen Roberson, and Elaina Wagener.

Public: Amber Quiroz, Carolyn Rice, Kenny and Jennifer Westover.

Call to the Public: N/A

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as presented. Tom Peterson seconds the motion. All in favor; Tom Peterson, Rhonda Roberson, and Joe Zabadal.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the meeting minutes as presented for the regular session held on June 25, 2019 and special session held on July 8, 2019. Joe Zabadal seconds the motion. All in favor; Joe Zabadal, Tom Peterson, and Rhonda Roberson

District Manager Report: Kellen Roberson reports that we have 263 Smart meters installed, 223 remaining to be installed. This past month has gone well and we have had no major issues to report.

Kellen Roberson states that she sent the business information update form to the AZDOR (Dept. of Revenue) and they are still not updating the information to link the business account online. Kellen Roberson states that she has resent the information certified mail and it was received yesterday, July 22, 2019. Andrew Bushman is still listed on the business account and it has been decided to leave it this way until the AZDOR update the business file to name me the point of contact for the company and allow me access. Once we have all the issues up to date will we update the information again in January with the current Board Officers.

CUSI has begun installing the new billing software and components to the computer, and we are expected to be up and running for the next billing cycle in August, barring any delays.

The new sewer line has been completed on Randall and we will be installing 2 new meters in the coming weeks. The crew has been instructed to return the jobsite to better than found condition.

Financial Manager Report: Elaina Wagoner reports that she has been continuing to clean up and implement new procedures within QuickBooks to streamline the financial reporting processes. Elaina Wagoner states that we noticed that the Sanitary District has sustained a loss every month but once in 2019. Sanitary has been correctly paying half of the payroll taxes since the beginning of 2019. In years past the Water District was paying for all of the payroll taxes. The office staff believes that with the implementation of the new billing software, we can bill for the sewer usage, we will add revenues to the Sanitary District, and will make up for the corrected expense of half the payroll taxes.

Elaina Wagoner states that overall both companies are both doing well, with minimum balances being met in both water and sanitary checking accounts. The Water District's profit has been transferred into the savings account, while the Sanitary District's loss has been replenished from savings.

Elaina Wagoner states that some of the higher expenses include the FY18 financial review, legal fees, and sampling. These items in combination with lower usage than June of 2018 resulted in a loss in the sanitary and smaller than usual profit in the water.

Johnny Johnson arrives at 6:13pm. Rusty Westover arrives at 6:15pm. Kenny & Jennifer Westover arrive at 6:17pm.

BUSINESS

Bank Signer; Rusty Westover: Rhonda Roberson makes a motion to approve Rusty Westover as an authorized signer on all Joseph City Domestic Water Improvement and Sanitary District bank accounts and remove Andrew Bushman. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Rhonda Roberson, Tom Peterson, and Johnny Johnson. Rusty Westover abstains.

Bank of the West Credit Card; Kellen Roberson: Rhonda Roberson makes a motion to approve the application for the Bank of the West Business Credit Card with Kellen Roberson as the card holder. Johnny Johnson seconds the motion. All in favor; Tom Peterson, Rusty Westover, Joe Zabadal, Johnny Johnson, and Rhonda Roberson.

Administrative Assistant; Amber Quiroz: Rhonda Roberson makes a motion to approve Amber Quiroz as the Administrative Assistant starting July 30, 2019 at minimum wage. Tom Peterson seconds the motion. All in favor; Tom Peterson, Joe Zabadal, Rusty Westover, Johnny Johnson, and Rhonda Roberson.

4642 8th North Property Purchase Proposal: Joe Zabadal makes a motion to move into executive session at 6:24pm. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Tom Peterson, Rhonda Roberson, and Johnny Johnson. Rusty Westover abstains and excuses himself from the meeting due to conflict of interest.

*****EXECUTIVE SESSION*****

The Board reconvenes to public session at 6:56pm. Rusty Westover rejoins the meeting and all public is invited to return.

Rhonda Roberson makes a motion that in consideration of the proposal presented to the Board of Directors by the property owner, we as a Board request a meeting, via certified mail, with Marlene Westover, and all parties she wishes to be involved, and a map of the property described in the said proposal. Tom Peterson seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, Tom Peterson, and Johnny Johnson. Rusty Westover abstains due to conflict of interest.

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday August 20, 2019 at 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned at 7:03pm.

Joseph City Utilities
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4504 1st North Joseph City, AZ 86032
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SPECIAL BOARD MEETING MINUTES

Meeting Date: August 6, 2019

Call to Order: Joe Zabadal @ 6:01 p.m.

Pledge: Joe Zabadal

Prayer: Rhonda Roberson

In Attendance:

Board members: Rhonda Roberson, Joe Zabadal, and Tom Peterson

Johnny Johnson arrives at 7:14pm

Employees: Kellen Roberson.

Public: Marlene Westover, Colter Westover, Wendell Allen, John Allen, and Tom Palmer.

Call to the Public: N/A

Acceptance of the Agenda: Tom Peterson makes a motion to accept the agenda as presented. Joe Zabadal seconds the motion. All in favor; Joe Zabadal, Tom Peterson, and Rhonda Roberson.

Acceptance of Last Meeting Minutes: N/A

District Manager Report: N/A

Financial Manager Report: N/A

BUSINESS

Joe Zabadal makes a motion to move into executive session at 6:04pm. Tom Peterson seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, and Tom Peterson.

*****EXECUTIVE SESSION*****

The Board reconvenes to public session at 7:07pm.

Property Purchase; 4642 8th North Ave: The Board discusses potential offers for the property purchase. The Board directs the District Manager to request quotes for the closing cost, title insurance, and surveying. The property owner will investigate the parcel's ability to be split and any cost associated with that process.

Set a Date for the next Board Meeting: N/A

Meeting Adjourned: By consensus the meeting is adjourned at 8:11 pm.

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BOARD MEETING MINUTES

Meeting Date: August 20, 2019

Call to Order: Joe Zabadal @ 6:02 p.m.

Pledge: Joe Zabadal

Prayer: Rhonda Roberson

In Attendance:

Board members: Johnny Johnson, Rhonda Roberson, Joe Zabadal, and Tom Peterson.
Absent; Rusty Westover.

Employees: Kellen Roberson, Elaina Wagoner and Amber Quiroz.

Call to the Public: N/A

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as presented. Joe Zabadal seconds the motion. All in favor; Tom Peterson, Rhonda Roberson, and Johnny Johnson.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the meeting minutes as presented for the regular session held on July 23, 2019 and special session held on August 6, 2019. Joe Zabadal seconds the motion. All in favor; Joe Zabadal, Tom Peterson, Johnny Johnson, and Rhonda Roberson

District Manager Report: Kellen Roberson reports that we have 282 Smart meters installed – 65% completed, 70 meters installed in 2019. We are shooting for 115 meters by the end of 2019. Kellen Roberson states that she is working on transferring all older files into digital files. We are attempting to create a complete digital backup filing system for the company to reduce paper use and general cost.

Overall it has been a pretty slow month and all operations are running smoothly. We have spent most of our time working on the files and gathering information for the property purchase.

Kellen Roberson states that she has been working with CUSI, the new billing software, to get all the information, reports, and billing types finalized and ready for the billing cycle in September. We should be up and running in the next few weeks allowing us time to train and get used to the new system.

Financial Manager Report: Elaina Wagoner states that July was a high revenue and low expense month, resulting in a profit for both the Water and Sanitary districts. Profits from each district has been transferred into the savings accounts.

High revenues can be attributed to hot weather and lack of precipitation, July has historically been a high revenue month. Payroll was low this month due to one employee working part time, and another employee out for a personal matter. The new 60% Water 40% Sanitary payroll allocation that was implemented last month has also contributed to a profit for Sanitary this month. Chemical expense was high this month, however the supplies ordered usually last the company a year or longer.

Overall both districts are in good financial standing with checking account minimums being met and profits being transferred into the savings accounts. The continuation of account cleanup within QuickBooks and other financial/accounting areas should reduce the fee paid to the CPA for both district's yearly financial reviews.

Elaina Wagoner states that our Bank of The West credit card application has been turned in and is pending approval.

BUSINESS

4642 8th North property Purchase Update: The Board of Directors is ready to present an offer to purchase a section of property, but due to a conflict of scheduling the property owner cannot attend tonight's meeting. By consensus this item is tabled until the property owner contacts the office staff to schedule a meeting.

Bookkeeper Salary; Elaina Wagoner: Elaina Wagoner states that after doing the books for the past few months she feels that she can complete the necessary work and stay within the necessary budget requirements for \$1500.00 per month. This breaks down to \$375.00 per week and \$750.00 per pay period. This amount allows for room in the budget for future raises to the Administrative Assistant. Rhonda Roberson makes a motion to accept Elaina Wagoner's offer as presented. Johnny Johnson seconds the motion. All in favor; Joe Zabadal, Tom Peterson, Rhonda Roberson, and Johnny Johnson.

Meeting Review: Rhonda Roberson states that she would like to office staff to investigate the right of way easements surrounding the main water line leaving the well site. It has been brought to her attention that we do not have a proper easement for this line. The other area

of concern is the water line from 8th North Ave to 6th North Ave. This water line does not appear to have an easement of any kind. By consensus the Board directs the office staff to investigate these issues and bring their findings to the next meeting.

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday September 17, 2019 at 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned at 7:04pm.

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BOARD MEETING MINUTES

Meeting Date: September 17, 2019

Call to Order: Joe Zabadal @ 6:02 p.m.

Pledge: Kellen Roberson

Prayer: Rhonda Roberson

In Attendance:

Board members: Rusty Westover, Rhonda Roberson, Joe Zabadal, and Tom Peterson.
Johnny Johnson arrived @7:22 pm

Employees: Kellen Roberson, Elaina Wagoner and Amber Quiroz.

Call to the Public: N/A

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as presented. Tom Peterson seconds the motion. All in favor; Tom Peterson, Rhonda Roberson, and Rusty Westover.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the meeting minutes as presented for the regular session held on August 20, 2019. Joe Zabadal seconds the motion. All in favor; Joe Zabadal, Tom Peterson, and Rhonda Roberson.

District Manager Report: Kellen Roberson reports that she has been working with CUSI to complete the creation of our new software. We are currently in the final stages of setup; the software has been downloaded on all computers and during our next billing cycle we will do the final data extraction and make the switch to the new software. We are going to be completing our training in upcoming weeks also.

Saturday I was notified that there is an issue with the new sewer line that was installed on Randall. Our line needs to be lowered in order to accommodate the customer. The crew

was asked multiple times to place the line deeper but assured me and others that there would be no issues connecting the customer. The field crew has been notified of the issue. We have a plan and should be able to execute the lowering of the line next week.

I am still working on the issues with the Department of Revenue and paying our TPT taxes online. Andrew and I were able to find out that they did not process our last business account update and that we must resubmit the form. They gave me a different address to mail the form to. I will be sending this certified mail to insure that is received and signed for. They say it take 10-14 business days to process the request but there is no way of knowing when the proccing begins, so I will be calling next week to see if the forms were received.

We are on track to meet our smart meter goal 2019. We currently have 293 installed, bringing us to 64% complete on the project as of today. In January I am planning on ordering 2-4 larger meters with each meter order so that we can get the 1-1/2" and 2" meters changed out. One the major parts of this project is going to change the meters on the wells. I am working with our meter supplier on a plan to execute the changing of the meters in the most efficient and cost-effective manner.

Kellen Roberson states that she sent Jim Graham to speak with the owner of the diesel compressor and jack hammer and she has priced the item at \$1500.00. The Board agrees that this is a good price for the item and asks that this be placed on the agenda for the next meeting. The Board directs the office to start the purchase process.

Joe Zabadal states that he spoke with the owner of the dump truck that we have talked about in the past and was given a price of \$3000.00. The Board agrees that this is a fair price for the item and ask that this be placed on the agenda for the next meeting. The Board directs the office staff to have one of the mechanics at JR's Shop inspect the truck to ensure that it is mechanically sound. If the mechanic deems that the truck is mechanically sound the office staff is directed to start the purchase process.

Financial Manager Report: Elaina Wagoner states that August was a high usage month and low expenses resulted in a profit for both districts in August. The only high expense continues to be the dump transport, which we've seen regularly during the summer months. The 60/40 allocation of payroll continues to help the Sanitary district turn a profit for the month. Even with amber at 24 hours and Herschel working 3-4 days a week, we are under budget for payroll. August profits will be transferred into saving for both districts.

BUSINESS

4642 8th North Property Purchase: Rhonda Roberson makes a motion to table this item until further notice. Tom Peterson seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, Tom Peterson. Rusty Westover abstains.

4642 8th North Easement Proposal: The Board received a new correspondence from the property owner at 4642 8th North regarding accessing the tanks. The property owner would like to work with Joseph City Utilities to come to an agreement on the ingress/egress

easement with a few requests. She would like to be provided with her own lock and 2 keys on the north gate, a release of liability, ensure that all authorized personnel use the beaten paths already in existence, and that Joseph City Utilities remove any and all items encroaching on her property including fencing. The Board of Directors directs the office staff to provide the lock and chain for the gate and start the process of creating the easement documents by whatever means necessary. Kellen Roberson states that she has a lock and keys and will have them installed and delivered this week. Kellen Roberson also states that she has sent this request to our insurance provider, who is talking it over with their legal team and will be sending the property owner a Certificate of Liability Insurance. Kellen Roberson states that she will continue working with the surveyor to create the easement documents.

Clean Yard Incentive Program: After discussing the clean yard incentive program Rhonda Roberson makes a motion to approve the proposal based in the changes discussed. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Rusty Westover, Rhonda Roberson, and Tom Peterson.

Emergency Substitute: Rusty Westover makes the motion to approve Jimrix Dabbs as an emergency substitute with the stipulation that he will not be permitted to drive company vehicles until a valid driver license is provided. Tom Peterson seconds the motion. All in favor; Rhonda Roberson, Joe Zabadal, Tom Peterson, and Rusty Westover.

Meeting Review: Board directs office to continue pursuing the ingress and egress easement. Provide a lock and chain, provide a copy of insurance when received.

Set a Date for the next Board Meeting: By consensus, the next Board meeting will be held Tuesday October 15, 2019 at 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned at 7:33pm.

Joseph City Utilities
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BOARD MEETING MINUTES

Meeting Date: October 15, 2019

Call to Order: Joe Zabadal @ 6:00 p.m.

Pledge: Joe Zabadal

Prayer: Rhonda Roberson

In Attendance:

Board members: Rhonda Roberson, Joe Zabadal, and Tom Peterson. Johnny Johnson and Rusty Westover are absent.

Employees: Kellen Roberson, Elaina Wagoner, and Amber Quiroz.

Call to the Public: N/A

Acceptance of the Agenda: Rhonda Roberson makes a motion to accept the agenda as presented. Tom Peterson seconds the motion. All in favor; Tom Peterson, Rhonda Roberson, and Joe Zabadal.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the meeting minutes as presented for the regular session held on September 17, 2019. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Tom Peterson, and Rhonda Roberson.

District Manager Report: Kellen Roberson states that the lowering of the new sewer line on Randall is underway, the customer's sewer tap has been lowered and we are continuing 20ft at a time to lower the remaining line to a suitable elevation. Kellen Roberson states that we are lowering the line 20ft at a time in order to reuse the existing pipe and fittings. Kellen Roberson states that we did have an incident while lowering the customer's tap last Tuesday. Kellen Roberson states that while one of the employees was running the backhoe, a 2" gas main was damaged. It was a very dangerous situation, as the gas line was

punctured, and natural gas was blowing out into the surrounding area. UniSource, Navajo County Sheriffs, and Joseph City Fire Dept were all very quick to respond. UniSource was able to clamp the line very quickly, containing the leak, and the full repair was completed later that afternoon. Kellen Roberson she has obtained incident reports from the employees that were on sited when the accident occurred and the operator is being placed on a 45-day probationary period, should there be another incident in those 45 days further consideration of employment will be brought directly in front of the Board for discussion. Kellen Roberson states that she has spoken with UniSource and we will not be facing any fines or penalties because of our impeccable record. Kellen Roberson states that the field crew and herself will have an incident and safety review meeting with UniSource tomorrow, October 16, 2019. Once this meeting concludes the case will be closed with UniSource. Kellen Roberson states that she is working on scheduling a mandatory excavation safety review with AZ811 for all field operators.

Rhonda Roberson inquires if the customer on Randall is aware that Joseph City Utilities feels that their service lines were installed incorrectly, and they will be responsible for any issues that occur. Kellen Roberson states that we felt it was important to correct the issue on our line and then notify the customer in writing that they failed to have the line inspected and provide proof of a backflow device and therefor the service line will need to be excavated.

Kellen Roberson states that AZDOR has finally accepted our business account update and linked the account online. This allows the company to file TPT taxes online and therefore we will no longer receive penalties for paying with a physical check. Kellen Roberson states that she and Elaine Wagoner will be working on filing the forms to request a refund for the fees that were paid over the past 9 months.

Kellen Roberson states that we are 70% complete on the smart meter project, which is 319 out of 455 active meters installed. Kellen Roberson reports that we are in good standing in both Districts with ADEQ. The transfer station inspection went smoothly, there were no violations and the case is closed.

Rhonda Roberson inquires about the status of our Backup Generator Grant and operator training classes. Kellen Roberson states that she has reached out to Catrina Jenkins, Navajo County Emergency Management, and has not heard back from her regarding the grant. Kellen Roberson states that she has not had any time to leave for the time required to get more certifications. Rhonda Roberson inquires if any of the other employees would be interested in obtaining the certifications. Kellen Roberson states that Herschel had shown some interest in the past but has since cut back to part time due after his wife was promoted.

Financial Manager Report: Elaina Wagoner reports that all of the account balances are above the minimums voted on by the Board and we are continuing to put money into both Water and Sanitary District savings accounts. Elaina reports that we had a very large meter order this month, paid for by the Water District savings, but this stock will last into 2020. Tom Peterson inquires how many meters were purchased on the latest order. Kellen Roberson

states that they received 10 – ¾", 4 – 1 ½", 2 – 2", plus valves and fittings. Elaina states that September was still considered a high usage month, combined with low expenses resulted in high profits for both Districts. Elaina states that one of the reasons for the lower expenses is due to H&H Management billing quarterly, so there were no operator fees in the month of September, but we will be paying 3 months in October.

Elaina states that she has provided an updated budget from January 1st to the end of September. Elaina reports that both the Water and Sanitary Districts have brought in more revenue than expected and the expenses are lower than expected, based on the approved budget for 2019. Elaina states that the Water District was expected to have a profit of \$6200 to date and has made \$21,000. The Sanitary District was expected to have a profit of \$1000 to date and has made \$9000. Elaina states that payroll continues to be under budget in both Districts, despite being one of the Boards highest concerns. Elaina reports that she is continuing to split the payroll expenses 60/40. Elaina states that while some of the accounts are over budget due to cost increases, overall both Districts are under budget.

BUSINESS

Compressor and Jackhammer Purchase: Kellen Roberson states that we did move forward with the purchase of the compressor and hammer. The compressor has been delivered to JR's Shop for inspection. The motor runs great, but there are some issues that will need to be repaired including seals, o-rings, and other minor repairs. The estimated cost of these repairs will come in at approximately \$1000, placing the total cost of the compressor at \$2500. Joe Zabadal states that is a good price for a machine and we are going to fight these minor repairs because the machine isn't being used daily. Kellen Roberson states that she is going to create a preventative maintenance schedule for the compressor to ensure that the fluids are changed and the compressor is run no less than every 3 months. Rhonda Roberson makes a motion to approve the purchase of the compressor and jackhammer including cost of all maintenance and repairs. Joe Zabadal seconds the motion. All in favor; Rhonda Roberson, Tom Peterson, and Joe Zabadal.

Dump Truck Purchase: Kellen Roberson states that JR's Shop has been busy working on the compressor and has not been able to inspect the dump truck, so we have not advanced on the purchase of the dump truck. Kellen continues stating that once the repairs are complete on the compressor that she will have Virgil inspect the dump truck and recommend if it is a worthy purchase or not. Joe Zabadal states that this is going to be another purchase that we are going to put at least \$3000 into right off the bat with tires, batteries, fluids, and general tune up. Rhonda Roberson makes a motion to approve the purchase of the dump truck, pending the findings of Virgil Bushman's inspection. Tom Peterson seconds the motion. All in favor; Joe Zabadal, Tom Peterson, and Rhonda Roberson.

4642 8th North Easement: Kellen Roberson states that she has been in contact with the surveyor and he is working on the legal description and map for the tank access easement. Tom Peterson inquires what kind of insurance will we be required to carry for the easement. Kellen Roberson states that the tanks, property, and access are already covered under our

insurance policy and the property owner has been provided a certificate of insurance. Kellen Roberson states that the gate has been chained and locked with 2 locks, a keyed lock for the property owner and combination lock for our access. Tom Peterson inquire if we have received a quote on moving the fence to match the property markers on the tank property. Joe Zabadal states that Rusty Westover was going to investigate the fencing. Kellen Roberson states that she will try and follow up with Rusty regarding the quote.

Meeting Review: Rhonda Roberson would like to have Bill Roberson attend the meeting to discuss a water line extension from Randall to Porter to loop the system. Kellen Roberson requests that Rhonda notify her when Bill is available and we will place it on the agenda to be discussed.

Set a Date for the next Board Meeting: By consensus the next Board Meeting will be held November 19, 2019 @ 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned @ 6:38pm.

Joseph City Utilities
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BOARD MEETING MINUTES

Meeting Date: January 21, 2020

Call to Order: Joe Zabadal @ 6:00 p.m.

Pledge: Joe Zabadal

Prayer: Rhonda Roberson

In Attendance:

Board members: Joe Zabadal, Tom Peterson, Rusty Westover, Rhonda Roberson and Johnny Johnson.

Employees: Kellen Roberson, Elaina Wagoner, and Amber Quiroz.

Public: N/A

Call to the Public: N/A

Acceptance of the Agenda: Tom Peterson makes a motion to accept the agenda as presented. Rusty Westover seconds the motion. All in favor; Tom Peterson, Rhonda Roberson, Rusty Westover, Johnny Johnson and Joe Zabadal.

Acceptance of Last Meeting Minutes: Rhonda Roberson makes a motion to accept the meeting minutes as presented for the regular session held on November 19, 2019. Joe Zabadal seconds the motion. All in favor; Joe Zabadal, Tom Peterson, Rusty Westover, Johnny Johnson and Rhonda Roberson.

District Manager Report: Kellen Roberson reports that she has been very busy with the new billing software getting everything changed over, working on making all necessary account corrections. We billed December side by side with Munibilling and Cusi, and we will fully bill January's billing cycle with the new software. The new customer online portal will be ready next week for customers to set up their online bill pay and accounts. We been working on

getting more smart meters installed. There were a few minor water leaks, they were repaired in a timely manner. We also did sewer maintenance and found that a tap was not properly installed, it was dug up and 2 clean out were installed. Virgil currently has the backhoe and it has an injector leak, were in the process of looking for a newer one with less hours. Virgil hasn't given me a quote to repair ours yet.

Financial Manager Report: Elaina Wagoner states that we had profits in both the water and sanitary districts for November and December. Water usages were lower for November and December, as expected in the colder months. We have overall lower expenses for the two months. We continue to put into both savings accounts. We need to purchase a backhoe for district improvement.

BUSINESS

Board Chairman- Rusty Westover makes a motion to nominate Joe Zabadal as Chairman of the board.

Board Vice President- Joe Zabadal makes a motion to nominate Rusty Westover as vice chairman of the board.

Clerk- Joe Zabadal makes a motion to nominate Rhonda Roberson as Clerk of The Board. Tom Peterson seconds the motion. All in favor; Rhonda Roberson, Tom Peterson, Joe Zabadal, Johnny Johnson and Rusty Westover.

Authorized Bank signers- Due to all board officers staying the same from 2019 no action is required.

2020 Water District Budget- Rhonda Roberson makes a motion to accept the water budget with the suggested corrections. Joe Zabadal second the motion. All in favor; Tom Peterson, Rusty Westover, Joe Zabadal, Rhonda Roberson and Johnny Johnson.

2020 Sanitary District Budget- Rhonda Roberson makes a motion to accept the sanitary budget with the suggested corrections. Joe Zabadal second the motion. All in favor; Tom Peterson, Rusty Westover, Joe Zabadal, Rhonda Roberson and Johnny Johnson.

2020 Board Meeting Schedule: Rhonda Roberson makes a motion to move the monthly board meetings to the 4th Tuesday's of every month. Tom Peterson seconds the motion. All in favor; Rhonda Roberson, Tom Peterson, Rusty Westover, Joe Zabadal and Johnny Johnson.

Meeting Review & Upcoming Agenda Items:

- Insurance Renewal
- Fire Hydrant Maintenance
- Employee Reviews
- Dump Truck Budget Proposal
- Land Lease

Set Date for Next Meeting: By consensus the next Board Meeting will be held February 25, 2020 at 6:00pm.

Meeting Adjourned: By consensus the meeting is adjourned at 7:38pm.