

SUNBURST FARMS IRRIGATION DISTRICT
Regular Board of Directors Meeting
16040 N. 43rd Avenue
Glendale, AZ 85306

August 05, 2014

MEMBERS PRESENT: Kay Lorenzen, President
Victor Armendariz, Secretary

MEMBERS ABSENT: Brett Harrison, Member

EMPLOYEES PRESENT: Brenda Brown
Richard Mitten

OTHERS PRESENT: (See attached sign-in list)

1. CALL TO ORDER: The meeting was called to order by Kay Lorenzen, President, at 7:02 P.M.

President Kay Lorenzen stated that the following guidelines shall be in place for this meeting. Homeowners will have three (3) minutes to address the Board in the Call to the Public. Input from the public on agenda items should be provided during Call to the Public. Homeowners must be recognized by the Presiding Officer to speak. Only one (1) person may speak at a time. Homeowners will address the Board, not each other, once recognized by the Presiding Officer. The Board may not discuss irrigation issues with each other outside of Open Meetings; noticed meetings are the only time business issues may be discussed. It is the Board's time to discuss issues. Time permitting, the Board may allow input from the public during the meeting. Homeowners may speak only one time per issue.

2. CALL TO THE PUBLIC:

1. Homeowner Don Repp requested Secretary Victor Armendariz's resignation

3. APPROVAL OF MINUTES:

MOTION Secretary Victor Armendariz *made a motion to approve the minutes from the Regular Board of Directors Meeting July 1, 2014, Special Board of Directors Meeting of July 10, 2014, Special Board of Directors Meeting of July 15, 2014, Emergency Board of Directors Meeting of July 15, 2014 and the Special Board of Directors Meeting July 17, 2014.* President Kay Lorenzen seconded the motion. **Motion Passed.**

4. REPORTS:

A. Financial Report:

Accountant Cathy Hacker stated that the objective of these reports is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the reports. The intended purpose of these reports is for management discussion and review. See Attachment

1. Tax Exempt Information:

No information provided by The Pump Company. Secretary Victor Armendariz stated he had not re-read the ARS to determine if they applied to pipe or other components of the irrigation system.

2. Approval of financial report:

MOTION

Secretary Victor Armendariz *made a motion to approve the June 30, 2014 Financial Report*. President Kay Lorenzen seconded the motion. **Motion Passed.**

B. Summary of Current Events:

Secretary Victor Armendariz stated his concerns regarding that the capital budget is not properly being identified. According to State Statutes we identify the delivery of water and power and the tax assessment for capital improvements. Victor stated that if it's budgeted separately then it should be identified separately. Victor also stated his frustrations regarding the inability of getting something on the agenda because one Board Member was not able to attend.

Secretary Victor Armendariz stated that the Statutes do not specify that the bill must be itemized except for water fee and the minimum annual rate "what it takes to run the district". In addition to that State Statute 48-3151, it's any improvement, tax, assessment or levy. In the interest of letting people know that we do pay into a capital improvement fund.

President Kay Lorenzen stated that homeowner Walt Michels had requested for this topic to be placed on the agenda. Kay stated that she had spoken to Brenda on some of the history of this item. Kay reported that on the billing there is an invoice for each water delivery and an invoice for the membership fee. In the past we also had an invoice for the \$2.50 capital expenditure fee that was being transferred over to the capital account. The separate invoice for the capital expenditure fee was created because at the time it was based on what we collected and not what was billed. It was determined after we put it on there that it was actually the billed amount that should be transferred. So, it made it unnecessary to itemize that. Kay also stated there was no Board vote to add it as a separate invoice, it was an operational decision and there is no known Statute, so if someone is stating a Statute she "Kay" needs to know that. If we were to include this as an itemization, would we be obligated to put any other item that is on the budget such as depreciation, benefits, office supplies and labor expense? We could itemize everything

and make everyone crazy by looking at their bill. The reasons why Brenda and I talked about removing it were that it creates questions generated by homeowners wanting to know what it's for. It takes over an hour during billing time for Brenda to generate this particular invoice. With the interest of saving Brenda time and keeping it simple for the homeowners, water fees and membership fees etc. The capital expenditure fee of \$2.50 is now included in the membership fee. The new rates have been shared with the homeowners, it's been included at the bottom on July's statement, recorded in the minutes and has been discussed at the monthly meetings so based on all of these reasons I didn't feel that it was necessary to be on the agenda. President Kay Lorenzen stated that the capital expenditure fee of \$2.50 per acre per month and the depreciation expense is being transferred every month into the restricted account.

President Kay Lorenzen stated her concerns regarding the RFP process and how lengthy it is. Kay stated that she spoke to the attorney and requested to have the process possibly shortened.

C. Managers' Report:

Irrigation Manager Richard Mitten stated that eighteen (18) repairs were completed for the month of July; this leaves twenty one (21) repairs remaining. Richard also reported on the camera work that was approved by the Board and that ProPipe attempted to clean approximately 11,970 feet of which only 1,336 feet was completed because of debris. Richard also stated that the office sent out ninety (90) letters regarding low berms and gopher holes leaking in yards and on the street. Richard also reminded the homeowners to walk their bridle paths and check for tall grass, weeds and easy access for the valves. See attachment

D. Custodian of Records Report:

Custodian of Records Brenda Brown reported on completed/outstanding and fees collected.

1. Ongoing request dated July 19, 2013 from homeowner Randy Videen, requesting the following information:

a. Electronic Agenda of the Regular Board of Directors Meeting of July 1, 2014 in native format with metadata

- District responded on June 30, 2014
- Approved for copying of the public record in its original form
- Fee –?

2. Public Information Request dated August 8, 2013 from homeowner Ken Rice, requesting the following information:

a. Secretary Victor Armendariz's cell phone bill (August 2013 provided)

- District responded on July 15, 2014
- Approved for copying of the public record in its original form
- Fee –?

3. Public Information Request dated July 9, 2014 from homeowner Walt Michels, requesting the following information:

- a. Current registered voters list and total number of voters in last Election
- District responded on July 18, 2014
 - Approved for copying of the public record in its original form
 - Fee –\$1.25

4. Ongoing request dated July 19, 2013 from homeowner Randy Videen, requesting the following information:

a. Electronic Agenda of the Special Meeting of July 10, 2014 in native format with metadata

- District responded on July 21, 2014
- Approved for copying of the public record in its original form
- Fee –?

5. Ongoing request dated July 19, 2013 from homeowner Randy Videen, requesting the following information:

a. Electronic Agenda of the Special Meeting of July 15, 2014 in native format with metadata

- District responded on July 21, 2014
- Approved for copying of the public record in its original form
- Fee –?

6. Ongoing request dated July 19, 2013 from homeowner Randy Videen, requesting the following information:

a. Electronic Agenda of the Special Meeting of July 17, 2014 in native format with metadata

- District responded on July 21, 2014
- Approved for copying of the public record in its original form
- Fee –?

5. OLD BUSINESS:

A. Discuss and possible action to promote driver safety and vehicle life:

No meeting was held; therefore, no report was given

B. Discuss and possible action on providing records request for cell phone records:

Discussion ensued between President Kay Lorenzen, Secretary Victor Armendariz and Custodial of Records Brenda Brown regarding the status of homeowner Ken Rice's public information request for cell phone records. Victor stated that he has one (1) month of cell

phone records and he'll have them ready in the next couple of weeks. President Kay Lorenzen stated that the way public information law states that we do not have to produce reports to provide them. Kay also stated that we will provide reports that we have on file but since Victor made it known that he will produce them, then we were obligated to fulfill the request.

6. NEW BUSINESS:

A. Discuss and possible action to reverse journal entry in the amount of \$184,482.48 recommended by Colby & Powell:

President Kay Lorenzen stated that Colby & Powell sent the district correspondence that states the following:

We were engaged to do an audit of Sunburst Farms Water District financial statements for the year ended December 31, 2011 and issued a report dated February 17, 2012.

During our audit, an adjustment was made to accumulated depreciation. This adjustment was based on information that had been given to us. Upon further review and additional evidence, one asset had the wrong acquisition date. Based on this new information, the adjustment to accumulated depreciation was not needed.

We will see what needs to be done to reissue the audit report dated February 17, 2012 and will discuss this matter with the Board.

Sincerely,

Jim Usevitch CPA

MOTION President Kay Lorenzen *made a motion to reverse the journal entry in the amount of \$184,482.48 recommended by Colby & Powell for Fiscal Year 2010-2011 audit.* Secretary Victor Armendariz seconded the motion. **Motion Passed.**

B. Discuss and possible action on cleaning lines 6, 16 and 18:

Heavy discussion took place between President Kay Lorenzen, Secretary Victor Armendariz and Irrigation Manager Richard Mitten regarding camera fees, cleaning process and the debris that was found in the lines.

MOTION President Kay Lorenzen *made a motion to approve ProPipe to clean 1/2 mile on line 18, 1/4 mile on line 16, 1 mile on line 06 and not to exceed \$6,200.* Secretary Victor Armendariz seconded the motion. **Motion Passed.**

C. Discuss and possible action to revise the following motion: Secretary Victor Armendariz made a motion to grade Line 7 starting at property line west of Lot #169 and to cut roughly two (2) inches below grade and at that point tie in to existing grade

on the west property line of Lot #163 and it will be a progressive four (4) inches per lot. Member Brett Harrison seconded the motion. **Motion Passed**, unanimously.

Heavy discussion took place between President Kay Lorenzen, Secretary Victor Armendariz and homeowner Rob Myers regarding the current height of the bridle path on line 7, the integrity of the lines, costs and how much dirt needs to be removed. Secretary Victor Armendariz stated his concerns regarding how the motion should be stated and that no one on the Board is an excavator.

President Kay Lorenzen tabled this agenda item until the next Regular Board Meeting

D. Discuss and possible action on referring Insituform CIPP for legal advice and possible letter on our behalf:

Discussion ensued between President Kay Lorenzen, Secretary Victor Armendariz and Irrigation Manager Richard Mitten regarding the membrane that is damaged from the liner installation in 2008 by Insituform. Pieces of the liner have been located in several lines throughout the farms from 39th Avenue to 51st Avenue. President Kay Lorenzen stated that if the attorney is going to address this issue then we need to provide him with the contract and pictures if we have them.

MOTION

President Kay Lorenzen *made a motion to refer Insituform CIPP issue for legal advice and possible letter not to exceed \$1,000.* Secretary Victor Armendariz seconded the motion. **Motion Passed.**

E. Discuss and possible action on future agenda items:

1. RFP process
2. Address the 39th Avenue liner

5. ADJOURNMENT:

Without objection, meeting adjourned at 8:25 PM

Dated this _____ day of _____, 2014

Submitted by: _____
Office Manager

Minutes accepted on: _____, 2014 by Secretary_____.

***Note:** *All attachments including correspondence in its entirety are filed with the original minutes and may be viewed at the District Office*