

MOHAVE VALLEY IRRIGATION & DRAINAGE DISTRICT

APPROVED: SEPTEMBER 10, 2013

MINUTES OF THE REGULAR BOARD MEETING HELD TUESDAY, JULY 2, 2013 AT THE OFFICES OF THE MOHAVE VALLEY IRRIGATION & DRAINAGE DISTRICT ("THE DISTRICT")

CALL TO ORDER.

The meeting was called to order at 4:00 p.m.

PLEDGE OF ALLEGIANCE.

Mr. Steve Buck led the Pledge of Allegiance.

ROLL CALL.

Present: Charles B. ("Chip") Sherrill, Jr., Chairman, Director District III
Joseph Hancock, Director Division II
Clay Vanderslice, Director At Large
William Condray, appearing for District Counsel Jamie Kelley
Mark R. Clark, Manager
Cecily ("CeCe") Preusser, Administrative Assistant

Absent: John Kai, Jr., Director, Division I
Perry Muscelli, Treasurer, Director At Large
Jamie Kelley, District Counsel

WAIVER MOTION. Motion to waive the reading of full minutes and resolutions presented for approval or adoption.

Mr. Vanderslice made a motion to waive the reading of full minutes and resolutions presented for approval or adoption. Mr. Hancock seconded the motion. All were in favor, motion passed.

1. REPORTS.

A. Staff report on water use.

Mr. Clark stated that we are now reporting PPR usage to the Bureau. We are currently in the process of collecting all of the 2014 Water Orders and we will be including PPR water in the 2014 Water Order as well, and will be tracking the water more closely than we have been in the past. Mr. Clark then turned the discussion over to the public for questions. There was a

question as to the current water usage for May. Mr. Clark reported that during the month of May the District used a total of 2,998 acre feet of water.

- B. Bureau of Reclamation Lower Colorado Water Supply Report, Snowpack Report and Lake Powell Water Data Graph for June, 2013.

Chairman Sherrill reported that these reports are really bleak. Total System Contents at this time are at 52%, whereas they were at 60% last year, and we thought we might have a problem. We have a problem. The graph for the Upper Colorado Basin Snowpack shows 2012 was terrible, 2013 is just above that. 2011 is the only year where a spike in the averages occurs.

- C. USDA National Agricultural Statistics Service: Arizona Crop Report for month of June, 2013; Arizona Agri-Weekly for month of June, 2013.

Chairman Sherrill advised that there were no surprises in these reports. The Agri-Weekly Reports show that cotton looks good. Temperatures for Bullhead — high.

- D. Arizona Meteorological Network Monthly Summary for June, 2013.

Our area is leading the State, as usual, in lows and highs.

- 2. **AGENDA MODIFICATION.** Possible action to withdraw from, or move, any item on the Agenda, including the removal of an item from the Consent Agenda.

Chairman Sherrill read off the items contained in the Consent Agenda and inquired as to whether or not anyone had an item they wished to be removed. There were no requests for any items to be removed.

Mr. Ron Bernstein, on behalf of the Valley View at Sunrise Hills development, addressed the Board with the current progress of the development, which is on the Consent Agenda for approval. Mr. Bernstein advised that they currently have two houses sold, 66 lots completed as of the date of the meeting, although financial constraints leave them still short on Phase 1. Four residences are currently either under construction or are completed. Mr. Bernstein advised that they are marketing to a specific type of buyer, strictly RV owners. Mr. Bernstein stated that, if all goes well, construction should begin in Phase 2 next year, although he may need to ask the Board for another extension next year.

Chairman Sherrill stated that the Board has been extremely sympathetic to the subdivision developments the last few years, basically due to the economic growth which absolutely stopped. He stated that the Board will continue to work with those developments that continue to make forward progress.

3. **CONSENT AGENDA.** *The items listed below will be considered as a group and acted upon by one motion with no separate discussion of said items, unless a Board Member requests an item or items be removed for separate discussion and action.*

- A. Approve the June 4, 2013 Meeting Minutes.
- B. Ratify payment of expenses for June, 2013.
- C. **VALLEY VIEW AT SUNRISE HILLS, PHASE 2, T18N, R22W, SEC. 6.** Discussion and possible action to approve extending the Preliminary Water Allocation in the amount of 24.44 acre feet for the remaining 58 lots in Phase 1.

Mr. Hancock made a motion to approve the Consent Agenda in total. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

4. **REGULAR AGENDA.**

- A. **Renewal of the Managerial Contract with Mark Clark of QPC, Inc.** Discussion and possible action to grant the Chairman authorization to negotiate the renewal of the Managerial Contract with Mark Clark of QPC, Inc., which expires July 20, 2013.

Mr. Hancock made a motion to grant Chairman Sherrill the authorization to negotiate the renewal of Managerial Contract with Mark Clark of QPC, Inc. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

- B. **Elections.** Discussion and possible action to call of election of one member to the Board of Directors to represent Division 2 and one member of the Board of Directors to represent the District at-large.

Mr. Clark advised that the District had locations so that the notices will be placed in each of the three divisions. Notifications shall be posted at the Mohave Valley Post Office (Division 1), the Mohave County Sheriff's Department Substation on Vanderslice Road (Division 3), and the Best Buy Market on Highway 95 (Division 2). All elections shall take place in November at the District Office.

There was a question from the audience as to whether you had to be a farmer to vote. Mr. Clark answered that you must be an elector of the District in order to vote and to be a qualified elector, you must be a farmer.

There was then a statement from the audience that there were then, very few voters, to which Mr. Clark replied yes. The next question from the audience was asking as to whether these were for new positions or positions that were

coming up. Mr. Clark answered that the current election would be for Joe Hancock's seat in Division 2 and Perry Muscelli's Director At Large seat.

Mr. Hancock made a motion to call of election of one member to the Board of Directors to represent Division 2 and one member of the Board of Directors to represent the District at-large. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

- C. **Voter Registration.** Discussion and possible action to approve the Voter Registration Application submitted by WPI-919 Farm AZ, LLC.

Mr. Clark advised that the Voter Registration Applications had been thoroughly and correctly completed and that the required accompanying documents had been supplied by WPI-919 Farm AZ, LLC.

Mr. Vanderslice made a motion to approve the Voter Registration Applications submitted by WPI-919 Farm AZ, LLC. Mr. Hancock seconded the motion. All were in favor, motion passed.

- D. **Financial Review For Fiscal Years 2010, 2011 and 2012.** Discussion and possible action to approve the financial review for Fiscal Years 2010, 2011, and 2012, conducted by Heinfeld, Meech & Co.

Mr. Clark advised that the District has received the final financial review from Heinfeld, Meech for the fiscal years ending June 30 2010, 2011 and 2012. Staff had already provided the Board Members with the financial review in draft form for review at last month's meeting. This is the final version of the review which has had no changes to the document, nor were there any discrepancies.

Mr. Hancock made a motion to approve the financial review for Fiscal Years 2010, 2011, and 2012, conducted by Heinfeld, Meech & Co. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

- E. **Approval To Conduct Financial Review For Fiscal Year 2012/2013.** Discussion and possible action to approve the engagement of Heinfeld, Meech & Co. to conduct a financial review for Fiscal Year 2012/2013.

Chairman Sherrill stated that the fee for the conducting of a financial review has not changed. Chairman Sherrill also noted that we needed to get this matter approved so that the review can move forward before Heinfeld, Meech must begin the financial review of the schools in September.

Mr. Clark stated that, since Heinfeld, Meech had already completed the financial review for the fiscal years 2010, 2011 and 2013, it should be very easy for them to complete the fiscal year ending June 30, 2012. He stated

that it would be best to try and get Heinfeld, Meech in the District Office during the month of August, since they begin their reviews of the public schools in September.

Mr. Vanderslice made a motion to approve the engagement of Heinfeld, Meech & Co. to conduct a financial review for Fiscal Year 2012/2013. Mr. Hancock seconded the motion. All were in favor, motion passed.

- F. **August Board Meeting.** Discussion and possible action to approve forgoing the August Board Meeting due to vacation schedules and scheduling the next MVIDD Board Meeting for September 10, 2013.

Mr. Hancock made a motion to approve forgoing the August Board Meeting due to vacation schedules and scheduling the next MVIDD Board Meeting for September 10, 2013. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

- G. **DESERT LAKES ESTATES GOLF COURSE, T19N, R22W, SEC. 36.** Discussion and possible action to approve the transfer of water amenity contract identified as Contract No. 2007-03 from Desert Lakes Golf Company, LLC, an Arizona limited liability company, to the Fort Mohave Tribal Corporation, dba Huukan Golf Club ("the Tribe"), in the amount of 810 acre feet of water, in accordance with MVIDD Resolutions 07-05.

There was discussion regarding transferring water to the Tribe for Desert Lakes. Chairman Sherrill explained that the Tribe had bought the Desert Lakes Golf Course and, that until 2017, was entitled to 810 acre feet of water pursuant to the contract in place. Chairman Sherrill also noted that the Tribe would be transferring Desert Lakes Golf Course into the Tribe's Trust (which could take 2 to 3 years), at which time they would use their own water allocation to water the golf course and the District would have 810 acre feet of water returned to it. Mr. Sherrill stated that this was basically win-win situation. Mr. Clark also stated that the transfer would only be effective pursuant to the Tribe paying the water transfer fees.

Mr. Hancock made a motion to approve the transfer of water amenity contract identified as Contract No. 2007-03 from Desert Lakes Golf Company, LLC, an Arizona limited liability company, to the Fort Mohave Tribal Corporation, dba Huukan Golf Club, in the amount of 810 acre feet of water. Mr. Vanderslice seconded the motion. All were in favor, motion passed.

5. PUBLIC INPUT.

Mr. Steve Buck asked about how to find information with regard to agricultural users who might be willing to fallow their fields in case it became necessary so that Bella Vista would have access to water for their lakes. Chairman Sherrill advised Mr. Buck to contact CeCe Preusser at the District Office, who would supply him with whatever information he needed.

Mr. Buck also inquired as to whether or not there had been any progress with the effluent project. Mr. Clark stated that the contract with the City of Bullhead was still in place, however, until the District can get more end users (other than just Bella Vista) to take interest in the reclaimed water, it will be difficult for the District to spend the couple of hundred thousand dollars to get the engineering done.

Mr. Buck then asked if he could get the Bella Vista homeowners to help come up with the money to get the engineering started, would that help. Chairman Sherrill explained that it would only be preliminary engineering, with no guarantee of completion of the project and that he would be extremely reluctant to take money from investors on that premise. Chairman Sherrill stated that if we could get Los Lagos and some of the amenity users on board, the District might be able to make some progress in the next year or too. The effluent project cannot get off the ground without the interest and cooperation of all of the end user.

Mr. Mike Mangana had a question for the Board as to Marina Coves' water availability after 2017. Chairman Sherrill responded that the amenity contracts were written that after 2017 no fresh water would be made available to the amenity users and that the amenity users would have to begin using reclaimed water from a different source. In the alternative, Marina Coves could order allocated but unused water if it is available, but that water will run Marina Coves \$150.00 per acre foot.

6. ADJOURNMENT.

Mr. Hancock made a motion to adjourn the meeting. Mr. Vanderslice seconded the motion. All were in favor, the motion passed and the meeting adjourned at 4:45 p.m.