

**MINUTES OF THE SPECIAL JOINT WORK-STUDY MEETING
OF THE COMMON COUNCIL OF THE TOWN OF STAR VALLEY
AND THE COMMON COUNCIL OF THE TOWN OF PAYSON**

**Thursday, October 17, 2019 @ 5:30 P.M.
Payson Town Hall Council Chambers
303 N. Beeline Highway, Payson, Arizona**

- **CALL TO ORDER**
- **PLEDGE OF ALLEGIANCE**
- **ROLL CALL**

Present: Mayor Coon; Vice Mayor McKinney; Council Member Davis; Council Member Armington; Council Member Binney; Council Member Rappaport; Council Member McDaniel.

Town Manager Grier and Finance Administrator Nutt were also present.

- **DISCUSSION ITEMS:**

1. **Discussion regarding and possible presentation by the Rim Country Educational Alliance (RCEA) and give opportunity to both the Town of Payson and Town of Star Valley councils to ask questions and/or hold discussion regarding the past and current activities, current status, purpose and goals of the (RCEA) and the Separate Legal Entity (SLE).**

Town of Payson's Mayor Morrissey requested introductions for the record. Jon Cline, Chairman of the RCEA, Jennifer Smith, Member of the RCEA, Eric Spencer, Council for the RCEA along with Council Members of Star Valley and Council Members of Payson introduced themselves. Jennifer Smith thanked both councils for the opportunity to speak before them. Ms. Smith stated she will give a brief history and overview of the Rim Country Educational Alliance which is the SLE or Separate Legal Entity. There are not two organizations, clarified Ms. Smith, it is one organization. Ms. Smith began her presentation (see attached "*History of the Rim Country Educational Alliance, a Separate Legal Entity (SLE)*").

Upon conclusion of Ms. Smith's presentation Mayor Morrissey questioned who the mayor was when the SLE was formed in 2011. Kenny Evans and Rappaport answered numerous people. An argument ensued between Mayor Morrissey and Payson Town Council Member Smith regarding who is running the meeting. Council Member Smith asked who requested all the information. Payson Town Council Member Ferris answered he requested a lot of the information. Council Member Smith asked who gave the direction to the town to do it. Council Member Ferris responded he asked for the information. Council Member Ferris explained on August 26 of this year he stopped by the MHA/RCEF office and asked for information. He got zero. He sent certified letters to get information and they were refused. Council Member Ferris stated the information that was provided today as financial information is really a joke and an insult to both town councils. To give all of us this worthless documentation is very disrespectful to us and town staff who had to do all the

copying. Council Member Smith asked who makes the decision that it is worthless. An argument ensued between Council Member Ferris and Council Member Smith.

Council Member Ferris stated the desire to come to some understanding as to what exactly constitutes the RCEA, what it has done, what are its future plans, what resources have been expended and for what, and what resources are available and needed to accomplish its future goals. The documentation presented today doesn't provide any semblance to developing that understanding that is being sought, stated Council Member Ferris. Ms. Smith responded that was the list of information requested. Council Member Ferris stated so much of the information he requested was marked "Not Applicable." The RCEA is deciding what information is relevant and appropriate for the towns to have. Ms. Smith responded an SLE does not file a 990 because it's not applicable. The requested documents are not applicable to their form of organization. It is not a matter of opinion it is a matter of fact. There are no 990's for any SLE because a 990 is filed for a 501(c)(3). That is why it is actually not applicable, concluded Ms. Smith. Council Member Ferris asked about financial statements and by-laws. Ms. Smith explained they don't have by-laws. They have an Intergovernmental Agreement and a Governance Agreement. If there are no by-laws, they are not applicable, stated Ms. Smith. Council Member Ferris questioned if they have Policies and Procedures. Ms. Smith asked if he requested Policies and Procedures. "No," responded Council Member Ferris. Ms. Smith stated that is a public document and can be provided upon request.

Council Member Ferris asked about providing financial statements from year to year as that would be the core of what was requested. Council Member Ferris then asked why that wasn't provided. Ms. Smith replied it is an area that is very difficult for a volunteer organization. They don't have paid staff and they don't have administrative staff. Council Member Ferris asked for some good reasons why a financial statement, balance sheet and revenue flow statement from year to year can't be provided. Ms. Smith responded she has been on this organization for approximately 2 ½ months and that she does not have control over anything that happened prior to her. Ms. Smith explained the folks that prepared this all along have been volunteers. The organization is not a CPA, it hasn't been staffed by a CPA and does not have administrative support as the towns do. Unfortunately, some of the formal administrative activities such as the preparation of balance sheets and income statements are lacking. However, stated Ms. Smith, when there is \$500.00 in the checking account year over year over year and there are no expenditures to speak of, other than bank fees, there really wouldn't be that much of a shift. Ms. Smith asked if cash statements were received. Council Member Ferris answered that bank statements where there was probably no activity from a select period of time were received, but there was activity in prior years before and that would be interesting to know. Ms. Smith replied the Town of Payson was custodian of those records, so they are in the Town of Payson records.

Council Member Ferris asked if someone could confirm that those statements are here and can be accessed. We have no knowledge of that, but we can definitely research it after this meeting, stated Payson's Acting Town Manager Sheila Deschaaf. Ms. Smith stated there is a lack of formal preparation of financial statements to be sure and it is something she would like to see done as well as a formal audit. Conversation ensued between Ms. Smith and Council Member Ferris regarding a formal audit. Council Member Ferris asked if there was any year since 2011 where there was any significant financial activity at all in the SLE. Ms. Smith answered they partnered along side the Town of Payson during the Cragin project

to bring a raw water line out to their property. In that time there was some funds and since she wasn't there, she doesn't have intimate knowledge of it. Council Member Ferris asked if anyone can answer why the RCEA would have been involved in designing and constructing a water line. Ms. Smith responded because they need water. Council Member Ferris stated at the time, the people that requested and needed the water was Chaparral Pines and the Rim Club for watering of the golf courses. Ms. Smith responded that by bringing the water to the corner of their property that project was facilitated. They financed the conduit of the raw line which was laid in the same trench as the filtered line. This saved all of the entities a ton of money by doing that while the trench was open. By bringing it to the corner of their properties the golf courses were able to have access to that. That was one purpose, stated Ms. Smith. Their property, which is going to need raw water for ballfields and any other non-potable use is certainly going to need it. The other use is for the Water Settlement Act for the Tonto Apache Tribe. There are four entities that need that mainline to come right to that location, stated Ms. Smith.

Ms. Smith explained the Town of Payson benefitted by that in a number of ways that perhaps have not been recognized. The affluent that's coming off of the C.C. Cragin project has to be re-disbursed out somewhere. By allowing it to come through that raw water line it actually saves the Town of Payson a substantial amount of money from the sanitary district fees it would have cost to dispose of that. By having additional water come through the hydro-electric plant it actually increases the electricity generated and so it cuts down on some of the costs for the Town of Payson. All of these things were strategically put together during this time frame in a pretty amazing way to benefit the Town of Payson, the Tonto Apache Tribe, and the SLE. And, added Ms. Smith, the SLE paid the Town of Payson one hundred thousand dollars for this project. Council Member Ferris stated the one thing that can't be done is identifying those specific costs that were for the different water lines. Council Member Ferris questioned the expertise of the RCEA to contract for this water line. Some discussion followed between Council Member Ferris and Ms. Smith regarding the Intergovernmental Agreement. Council Member Ferris stated this raw water line was going to generate income for the Town of Payson by the water provided to Chaparral Pines and the Rim Club. The Town of Payson ended up providing that water, did not get paid and lost money in that project. Ms. Smith responded there is the actual pipeline and there's the water that flows through it. The only thing that RCEA had anything to do with was the actual pipeline. The RCEA had absolutely nothing to do with any negotiations about water. That is the Town of Payson, stated Ms. Smith. Some discussion followed between Council Member Ferris and Ms. Smith regarding the MHA, RCEF, and RCEA.

Council Member Ferris asked what the RCEA can do outside of the authority and direction of the MHA. Ms. Smith responded the MHA does not direct the RCEA in any way, shape or form. Council Member Ferris asked how decisions can be made to do anything without having the resources to do it. Ms. Smith answered the MHA in no way controls anything that RCEA does. They are completely separate entities and RCEA makes the decisions. Some argumentative discussion ensued regarding the MHA, RCEF and RCEA. Council Member Smith interrupted the argumentative discussion stating this seems to be Jim's show and that he just wants to know what this is all about. Council Member Smith stated the questions should be focused on what is being done now and what will be done in the future and he does not see any merit in looking backwards. We need to look forward as a tri-lateral type of entity as all equal partners. Council Member Smith concluded he is tired of

the Jim show. Mayor Morrissey adjourned the meeting for a five minute break. Upon returning from the break Mayor Morrissey reported he confirmed with Mayor Coon and council and a decision was made to adjourn the meeting. Mayor Morrissey then adjourned the meeting.

APPROVED:

_____ **Date:** _____
Gary Coon, Mayor

ATTEST:

Eddie Chapin, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Joint Work-Study Meeting of the Town Council of the Town of Star Valley and the Town Council of the Town of Payson held on this day, the 17th day of October 2019. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 22nd day of October 2019.

Eddie Chapin, Town Clerk