

MINUTES
TOWN OF QUARTZSITE
REGULAR MEETING OF THE COMMON COUNCIL
TUESDAY, JUNE 24, 2014, 7:00 PM

CALL TO ORDER: 7:00 p.m.

INVOCATION: Audrey Berger gave the prayer.

PLEDGE OF ALLEGIANCE: Vice Mayor Jewitt led the pledge.

ROLL CALL:

Present: Mayor Foster, Vice Mayor Jewitt, Council Member Kelley, Council Member Crooks, Council Member Orgeron, Council Member Scott, Council Member Timberlake appeared telephonically.

Guests: Erika Miller, Vice President of Stifel, Nicolaus & Co., Inc., appeared telephonically; Jon Owen of Ed Options appeared in person

STAFF PRESENT: Skylor Miller, Town Manager; Susan Goodwin, Town Attorney; Tina Abriani, Town Clerk

APPROVAL/AMENDMENT OF AGENDA: Vice Mayor Jewitt moved to approve the agenda as presented and Council Member Orgeron seconded the motion. The vote was unanimous. **Motion Passed.**

CONSENT AGENDA:

- 1a. **LEDGER OF ACCOUNTS PAID – Consider approval of check series 37479 - 37578, totaling \$88,285.12.**
- 1b. **MINUTES – Consider approval of the minutes of the Regular Meeting of June 10, 2014.**

Vice Mayor Jewitt moved to approve the consent agenda as presented and Council Member Crooks seconded the motion. The vote was unanimous. **Motion Passed.**

ADMINISTRATIVE ITEMS:

2. **REFUNDING OF EXCISE TAX REVENUE OBLIGATIONS – Consideration and possible adoption of a resolution approving the sale and execution and delivery of excise tax revenue refunding obligations evidencing a proportionate interest of the owners thereof in a purchase agreement from the town; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary agreements for such sale; delegating authority to determine certain matters and terms with respect to**

the foregoing; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution and declaring an emergency.

Town Manager Miller telephoned Erika Miller, Vice President of Stifel, Nicolaus & Co., Inc., to ask her to explain the matter in greater detail.

Ms. Miller stated these bonds are going to replace the bonds that were originally issued in 2004. The Series 2014 Obligations are being executed and delivered to refund in advance of maturity \$655,000 in aggregate principal amount of the Series 2004 Obligations of the Town.

The refunding of the Series 2004 Obligations will result in a net present values debt service savings to the Town of nearly \$54,000. By refunding the Series 2004 Obligations, the money in the debt service reserve fund associated with the Series 2004 Obligations will be released, a portion of which will be used by the Town to finance improvements for the Love's Sewer Line.

The Series 2014 Obligations will be secured by a pledge of and first lien on the revenues from the Excise Taxes of the Town on a parity with the Town's payment obligations pursuant to a Loan Repayment Agreement, dated as a November 1, 2006 between the Town and the Greater Arizona Development Authority (the "Loan Repayment Agreement"), and "Parity Lien Obligations" that may be hereafter issued on a parity with that and with the Series 2014 Obligations.

If the Council approves this measure, they will move forward with the closing date of July 21, 2014.

Town Manager Miller advised, in order to close on this, a motion to adopt a resolution approving the sale and execution and delivery of the excise tax revenue is required.

Town Attorney Goodwin advised that the resolution has an emergency clause that will require six votes. She stated this measure was necessary to get the low interest rate.

Vice Mayor Jewitt moved to approve the resolution authorizing the refinancing of the 2004 bond issue for a reissue dated 2014. **Council Member Kelley seconded** the motion. Vice Mayor Jewitt then added, 'with an emergency clause and subject to the terms that we have in front of us'.

Vice Mayor Jewitt withdrew his motion. **Council Member Kelley withdrew** her second to the motion.

Council Member Orgeron moved to adopt the resolution approving the sale and execution and delivery of excise tax revenue refunding obligations evidencing a proportionate interest of the owners thereof in a purchase agreement from the Town; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary agreements for such sale; delegating authority to

determine certain matters and terms with respect to the foregoing; authorizing the taking of all other actions necessary to the consummation of the of the transactions contemplated by this resolution and declaring an emergency.

Council Member Kelley seconded the motion.

ROLL CALL VOTE: Motion Passed. Vote: Motion carried by unanimous roll call vote (summary: Yes = 7).

Yes: Mayor Foster, Vice Mayor Jewitt, Council Member Kelley, Council Member Crooks, Council Member Orgeron, Council Member Scott, Council Member Timberlake.

3. ED OPTIONS MEMORANDUM OF UNDERSTANDING - Discussion and possible action regarding a modification to the annual lease payments provided by the Memorandum of Understanding (MOU) between the Town of Quartzsite, AZ and the Educational Options Foundation (Ed Options).

Council Member Orgeron recused himself as Ed Options is his employer.

Town Manager Miller stated this is a proposal brought to the Town by Ed Options to discuss a modification of their annual lease agreement, the Memorandum of Understanding they have with the Town of Quartzsite.

Jon Owen of Ed Options, stated he is here to ask the Town Council to keep the current rent price in place. He advised the Council that the school has been quite successful lately and is doing great in terms of graduation rates and test scores.

Mr. Owen passed out a document to the Council. It was a list of eight cities' AIMS Math pass percentages, as well as the State average, and Quartzsite had the highest percentage.

Mr. Owen explained the reason he is asking the rent to stay the same is that they will probably lose money at this site. The school is not going to close, regardless to the decision. Keeping the rent steady will help the school to expand, in the future, to possibly include more staff; the addition of the seventh and eighth grades; and a sports program.

Council Member Scott asked Mr. Owen if they will need to request reduced rent next year. She also asked about the school's attendance.

Mr. Owen replied that the company, as a whole, is very healthy, and he does not plan to cut staff. He advised that attendance went up significantly from the first year and anticipates a reduction for next year. He advised that he has no official figures until September 1, 2014; but, he estimates there were 26 children in the first year of the school and 41 children this year.

Mr. Owen and the Council discussed how much funding the State provides for each student. Mr. Owen advised that the State pays approximately \$5.19 per hour for up to

nine hundred hours per child. Mr. Owen explained that funding applies, unless the student attends another school in Arizona, then the funding would be split with the other school.

Council Member Timberlake asked questions of Mr. Owen regarding the AIMS scores being embargoed until August 2014. Mr. Owen advised the list contained this year's AIMS scores and that he could release them, as long as they are not individual student scores.

Vice Mayor Jewitt asked if there was a marketing plan to try to sell this school to the general public, instead of having the students bussed up to Salome. Mr. Owens replied, yes, he wants to advertise the scores soon. Mr. Owen stated that due to the embargo on the scores until August 2014, they could not advertise them.

Council Member Scott stated that Ed Options is a business and is asking the taxpayers to help out. She explained that since it is for the children, she is looking into maybe reducing the rent this year and wants to know more information about the school's finances for next year.

Mr. Owen stated the school is not getting 900 hours of attendance from each student. He advised that sometimes they only get sixty or seventy hours.

Town Manager Miller advised that Ed Options is a 501c3 non-profit organization and confirmed it is only leasing the land.

The Mayor requested quarterly reports from Ed Options. He would like to see the number of students and the hours of attendance. He is looking to see how the school is doing in advance of next year's rent payment increase. The Mayor thought some things could be done in the community if the school needs help next year.

Council Member Crooks moved to consider action to modify the lease payment terms of the Memorandum of Understanding between the Town of Quartzsite and the Educational Options Foundation.

Council Member Scott said she would have to vote nay on that motion. She went on to state she would consider a reduction for this year.

Council Member Crooks withdrew her motion.

Council Member Scott moved to modify the lease payment for the year 2014 - 2015 to \$6,000 and quarterly reports be submitted to the Town Manager to get to the Council on attendance. **Vice Mayor Jewitt seconded** the motion. The vote was unanimous. **Motion Passed.**

4. LITIGATION AND SEWER IMPROVEMENT DISCUSSION – The Town Attorney will provide an update in the matter of Foster v. Quartzsite, et al., CV2013-00115. The Town Council will discuss the memorandum of June

18, 2014, a summary of meetings with Town staff, USDA and WIFA which occurred on June 11, 2014, submitted by the Town Manager and implications of same. Discussion of the impacts of the case on water treatment plant improvements, potential solar projects and economic growth in the Town.

The Mayor stated Item #4 will be held until the end of the meeting because he must recuse himself from that item. (See Item #4 after Item #8.)

5. FINAL DRAFT OF AMENDMENTS TO THE TOWN CODE - Review, discussion and possible adoption of an ordinance adopting by reference amendments to the Town Code, Chapter 3 Administration.

Town Manager Miller stated this is a revisiting of the issue of modifying Chapter 3 of the Town Code. It was previously reviewed by the Council with Town Attorney Ronan.

Attorney Goodwin asked if there are any specific questions.

Council Member Scott stated there is a spelling error in 3-2-4, page 2. She stated the main purpose of this review of the chapter, was that there were many inconsistencies and discrepancies in the existing Chapter 3.

Council Member Scott noted in 3-2-1, Town Manager, E. 1, the Town Manager may 'suspend or remove all officers and employees of the town not appointed by the Council'.

Town Attorney Goodwin asked Council Member Scott if she would like 3-2-1 E. 1 to be revised to say that if the appointment required concurrence of the Council, then the removal would require the concurrence of the Council.

Council Member Scott noted her concern regarding the Town Code listing the Town Attorney as being responsible for prosecuting cases for the Magistrate Court. She stated that should be stricken and new sections added that will say the Town Manager appoints, with concurrence of Council, a prosecutor and defense attorney.

The Mayor stated the matter is tabled and staff is directed to make the suggested changes.

6. DISCUSSION OF RECALL PROCEDURES - Presentation from Town Attorney regarding recall petition and election procedures and requirements.

Town Attorney Goodwin stated this presentation was requested in order to describe the procedures for the recall petition and election process. She stated the Town Manager and the Town Attorney do not get involved with Council politics; they try to remain neutral.

The Town Attorney only provides legal advice to the Town Clerk and the Town Manager during this process and is for informational purposes only. The presentation is not intended to be legal advice. It is intended to present State statutes regarding the recall process. Anyone that wants to either run for office, or circulate a petition, should obtain their own legal advice.

Any elected official may be recalled from office in Arizona. (Arizona Constitution, Art. VIII) State law establishes the process, rights of parties, obligations of election officials and timing of the recall election. (A.R.S. § 19-201, et seq.)

Steps in the recall process are: 1. recall petition; 2. certification of recall; 3. notice to elected official; 4. calling of recall election; 5. petitions for recall candidates; 6. election.

1. Recall Petition

- The number of signatures to recall an elected official is 25% of the number of voters who cast votes for that office in the last general election at which the official was elected. (A.R.S. 19-202)
- Only Quartzsite qualified electors may sign a petition to recall a Quartzsite official.
- A recall petition may be circulated for a period of 120 days.

2. Recall Certification

- The recall petition will be submitted to the Town Clerk.
- The Town Clerk has up to ten days to review the petition and ascertain that there are sufficient numbers of signatures. A.R.S. § 19-208.01.
- The petition is then sent to the County Recorder for further verification. The County Recorder has up to 60 days to review the petition and send it back to the Town Clerk. (A.R.S § 19-208.02)
- The Town Clerk has five business days to determine that the number of signatures is sufficient and shall notify the official that the recall shall be placed on the ballot in the manner provided by law. (A.R.S. § 19-208.03)

3. Notice to Elected Official

- If the elected official resigns within 5 business days after receiving notification from the Clerk, there will not be a recall election. The empty position will be filled in the manner any other vacancy on the Council is filled.
- If the elected official does not resign, the recall election must be called within fifteen days from the deadline for resignation. The election is called by the Council. (A.R.S. 19-209(B)(3))
- The official being recalled may make a written statement of no more than 200 words to defend conduct and position. This statement shall be included on the recall ballot. (A.R.S. § 19-207)

4. Recall Election

- The Council shall call for a recall election if the official does not resign. This is called the order for a recall election.

- The recall election shall be on the next consolidated election that is 90 days or more after the order for the recall.
- Consolidated elections are in March, May, August and November. A.R.S. 16-204

5. Petitions for Recall Candidates

- Official subject to recall is automatically on ballot.
- Other candidates must be nominated.
- Process for nomination is:
 - Form candidate committee (A.R.S. § 16-901)
 - Circulate nomination petition- signatures required to get on ballot are equal to at least 2% of the total number of votes cast for that office in the last general election. (A.R.S. § 19-212(A))
 - Any qualified elector of Quartzsite may run for the office being recalled
 - Any qualified elector of Quartzsite may sign the nominating petition
- The deadline to submit recall nomination petitions is not more than 90 days and no less than 60 days prior to the date of the special recall election. (A.R.S. § 19-212(F))
- A Nomination Paper and Financial Disclosure Statement must be filed at the same time as the candidate's petitions. (A.R.S. §§ 16-311 & 38-543)
- Those currently holding elected office must resign to run for recalled office unless they are in final year of term.

6. Recall Election

- The voters choose among all candidates on the ballot for the recalled office. The person who receives the most votes is elected.
- If the official subject to the recall receives the most votes, that person is not recalled from office.
- If a recall candidate receives the most votes, that person replaces the recalled official for the remainder of the term.
- The results of the election are certified within 20 days of the election.

Timeline of Recall Process

- Petition - up to 120 days to gather signatures
- Certification - up to 70 days to ascertain adequacy of signatures
- Notice to official - up to 5 days for official to resign
- Order of election - up to 15 days
- Recall on ballot of consolidated election at least 90 days away
- Candidates for recalled office may present petitions no more than 90 and no less than 60 days before election
- If candidate receives more votes than any other person, the candidate may assume office within 30 days of the election

7. **SCOTT LANE SEWER EXTENSION – Consider approval of a bid for the S. Scott Lane sewer line extension project to Tri-Suns Engineering, Inc.**

Town Manager Miller stated he is not looking for any decision from Council, just discussion and direction. He advised that this was a project recommended by the Town Engineer. As part of FY 14-15's infrastructure improvement projects, S. Scott Lane will be repaved. The properties that are along that roadway are currently on septic. At least one of them is a failed septic and based on current laws they would not be able to replace it.

Town Manager Miller stated Town staff reached out, informally, to the property owners and there were no major objections to a sewer extension. This area was already calculated into the maximum capacity, as designated by ADEQ.

Town Manager Miller advised this consists of the construction of the sewer line extension along S. Scott Lane. It includes, but is not limited to, furnishing and installation of the eight inch sewer line, manholes, lateral stubs for future connections, and trench backfill.

The property that has the failing septic system will be able to tap in immediately and the other properties will be able to do that at a future date.

The Mayor asked if there are capital assessments involved. Mr. Miller replied that there are tap fees to connect to the system and capacity fees that are assessed.

Town Manager Miller advised two bids were received. The bid opening was last week. Tri-Suns had the low bid. Both bids are being reviewed for completeness by the Town Engineer. Town Manager Miller will have an update for the Council at the next regular Council meeting.

The Mayor asked about a public opening of bids, in front of the Council.

Town Manager Miller said in the future bid openings will occur in front of the Council.

Council Member Kelley asked Town Manager Miller how many people might be hooked up on Scott Lane in the future.

Town Manager Miller replied there are three main properties; two are RV parks. Town Manager Miller will get a total number for the next meeting.

Council Member Kelley stated it will be nice to know what the projected figures are.

8. SOLAR PROJECT - Discussion and possible action to terminate the Power Purchase Agreement for solar energy with Sun Edison Origination1, LLC; discussion of alternate solar energy options.

Town Attorney Goodwin explained to the Council what the contract provides. She read, "The Town may terminate the contract during the initial period, which is 365 days from when the contract was entered into, if Sun Edison has not started installation of the equipment." She advised, assuming that is true, the contract may be terminated without penalty.

The Town Manager stated installation has not begun, plans have not been submitted and permits have not been pulled.

Town Manager Miller stated there could be a greater savings if the Town took on its own solar project through WIFA funding. He explained there would be a delay in that project as it is dependent on the expectation that there may be a WIFA loan in the future.

The Mayor directed staff to prepare paperwork to terminate and to explore other solar opportunities.

The Mayor advised Items #4 and #9 have yet to be addressed. He recused himself, stating he is part of the litigation in both of those issues. He turned over the meeting to Vice Mayor Jewitt at 8:23 p.m.

At 8:23 p.m. Vice Mayor Jewitt called for a five minute recess.

At 8:33 p.m. Vice Mayor Jewitt called the meeting back to order.

ROLL CALL

Present: Vice Mayor Jewitt, Council Member Kelley, Council Member Crooks, Council Member Orgeron, Council Member Scott, Council Member Timberlake, appeared telephonically. **Absent:** Mayor Foster

4. (The Mayor stated Item #4 will be held until the end of the meeting because he must recuse himself from that item.)

LITIGATION AND SEWER IMPROVEMENT DISCUSSION – The Town Attorney will provide an update in the matter of *Foster v. Quartzsite, et al.*, CV2013-00115. The Town Council will discuss the memorandum of June 18, 2014, a summary of meetings with Town staff, USDA and WIFA which occurred on June 11, 2014, submitted by the Town Manager and implications of same. Discussion of the impacts of the case on water treatment plant improvements, potential solar projects and economic growth in the Town.

Town Attorney Goodwin gave an overview summary of past events; an update of events that have taken place since the *Foster v. Quartzsite, et al.* case was filed; and explained what may happen next.

Town Attorney Goodwin listed these events:

- There was a loan agreement for the needed improvement for the waste water treatment plant.
- It went before the Town Council and was approved with an emergency clause on a six to one vote, with Mayor Foster's vote of nay.

- Under the Town Code and its procedures, if the Mayor refuses to sign a resolution, which he did, the Vice Mayor may sign, which did happen.
- Mayor Foster then instituted litigation against the Town based on the theory that the Mayor has a veto power with respect to emergency measures.
- The matter was heard before a Superior Court Judge who ruled in favor of the Town and held that the Mayor does not have the veto power.
- The matter has now been appealed to the appellate court
- The impact of that is the Town Attorneys are unable to give the required affidavit or certification of non-litigation.
- The loan agreement has not gone forward.
- The status of the litigation is that the appeal brief is due by July 23, 2014.
- Mayor Foster's reply is due mid-August 2014.
- Then either party can request oral arguments that may or may not be granted by the Court.
- There will not be a decision until next spring, at the earliest.
- Right now, unless there is an ability to find a common settlement ground, the loan is on hold.

Town Manager Miller advised this item is on the agenda at the direction of Council. He gave a summary of his memorandum to the Mayor and Town Council dated June 18, 2014.

The Town Manager, Patricia Ronan as the Town Attorney, Kevin Murphy as the Town Engineer, and Michael Krebs as the water engineering consultant, scheduled and attended meetings in Phoenix, separately, with the USDA and WIFA.

The first meeting was with the USDA. The Town's representatives were advised by the USDA that the loan and grant monies the USDA has set aside for the Town are still there, but are not available to the Town because of the ongoing litigation. They would not set a timeframe as to how long the monies would be available.

Town Manager Miller advised the Council of some of the issues that were raised and impacts of that meeting. These were read verbatim.

- Delays increase construction costs;
- Delays mean increased deterioration and more expensive repairs;
- No new housing developments or businesses can be added to the sewer system;
- No additional septic tanks may be added to the community because of pollution issues;
- New growth is impossible until the waste water treatment plant is repaired and expanded;
- Without new growth, there is little economic development opportunity;
- The Town has not yet lost the loan and grant, but the risk that the funds will be withdrawn increases as time passes;
- The Town is highly unlikely to receive any addition grants for the increased costs;
- The Town may not be eligible for additional loan monies;

- Even if the Town receives additional loans, there is a chance they will be at higher interest rates, which means greater overall cost to the community;
- Current sewage rates are not significantly impacted by the 40-year repayment schedule for the current USDA loan. The Town is currently obligated to pay back approximately \$900,000 to WIFA that has been spent to date. The balance of the WIFA loan available for the WWTP rehab and expansion is approximately \$600,000.
- A new loan to cover the increased expenses due to the delay of the project may only be available through WIFA which has a maximum 20 year length which is a shorter repayment period than the terms of the USDA, which would have a greater impact on customer rates.

The second meeting was with WIFA. Town Manager Miller advised the Council of some of the issues that were raised and impacts of that meeting.

- WIFA stated they were concerned with the ongoing litigation. The Town closed on the WIFA loan in July 2013. The Town has three years from the closing to complete the project to avoid defaulting on the loan.
- The Town is seen as a weak project partner by WIFA because of the litigation.
- WIFA will not encourage or otherwise fund any projects with Quartzsite while the litigation continues.
- WIFA is unlikely to fund or participate in future projects with Quartzsite if the wastewater treatment plant project fails.
- WIFA will withdraw the funds in two years if the project is not complete.
- USDA is not going to provide any further grant money for the project, despite the rising costs.
- WIFA will require a second application to provide any additional loans for the project to cover the rising costs. Success in obtaining additional loans will be heavily dependent on the Town's ability to show strong leadership and successfully moving the existing project forward.
- Even projects with unanimous Council support, strong community support, excellent managerial oversight, significant cost-saving opportunity, energy efficiency and positive environmental impact are unlikely to receive any WIFA support unless the wastewater treatment project (WWTP) proceeds and succeeds.
- Due to continued rising costs in construction, the delay in the construction for the WWTP will create further challenges to our rate structure. The additional cost most likely will be funded through WIFA for a shorter term (20 years) than USDA provides (40 years). In addition, we continue to see significant deterioration in the WWTP infrastructure that will require capital expenditures in the near future. These expenditures, once completed, will no longer be available for grant reimbursement and will be funded solely by loans, if possible.

The Town would need to break ground no later than 2015 in order to take advantage of the appropriate construction windows.

The Town will need to modify how the sewer is being treated through the off peak season. One of the smaller basins the Town has will have sufficient capacity to treat that waste water, so that the expansion and division of the main basin can take place.

July of 2016 is when the loan agreement terminates and any unobligated funds will be withdrawn back to WIFA and will impact the Town's ability to get other loans.

The solar project was discussed with WIFA. WIFA has control of the GADA funds. There are no GADA funds available at this time, so the Town decided not to pursue a solar project at Town Hall at present. The Town proposed to take on its own solar project, in lieu of the Sun Edison project at the sewer treatment plant. By doing that, there is additional calculated savings to the Town and the Town would have control over the system.

Council Member Kelley requested that a Settlement Offer addressed to the Town Attorneys from Mayor Foster's attorney, Julie LaBenz, dated April 9, 2014, be read aloud.

Town Manager Miller read the settlement offer into the record.

The letter conveyed that in exchange for the Town of Quartzsite's agreement to the following, the Mayor will withdraw his veto and dismiss the appeal:

1. Vote to abolish the Quartzsite Police Department.
2. Enter into an Intergovernmental Agreement with the La Paz County Sheriff's Office to provide a Quartzsite Metro Squad to patrol Quartzsite, saving the Town approximately \$500,000 per year.
3. Dedicate the funds saved by abolishing the Quartzsite Police Department to the HURF loan and the prospective USDA loan for a period of six years.
4. Agree that the sewer rates be restructured to be based strictly on a volumetric rate based on water usage.
5. Payment of Mayor Foster's legal fees and costs in full.

The settlement offer stated its expiration date was Friday, April 25, 2014 at 5:00 p.m.

Vice Mayor Jewitt questioned, if the Town had accepted Mayor Foster's settlement offer, how funds from the General Fund could be used to repay the USDA loan which is to the waste water treatment plant?

Town Attorney Goodwin stated that is not a legal principle, it is a good business principle. Cities can and do on occasion use general fund monies to fund their enterprise funds. She went on to say the Town's utilities should be self-sustaining.

Council Member Kelley stated if anyone was here from before they know they don't want to wait for the Sheriff's Department to respond.

Council Member Timberlake stated this lawsuit is regarding the Mayor's authority to veto.

Council Member Kelley stated if we wait for it to go through the legal system, it will be a year from now and it will be too late; so, we need to do something else.

The Town Manager stated the Mayor's letter in response to the memo shows the main concern is with the rates.

Council Member Crooks stated extra legal fees, this year, for the Mayor's veto power, has already cost the Town \$17,600 and as advised by counsel, they anticipate at least that much more if the lawsuit continues.

Town Manager Miller read the Mayor's response letter aloud. The main points of the letter were:

- The Mayor wanted to clarify his position on the litigation over the waste treatment loan.
- The Mayor stated the loan is opposed by a majority of the citizens of Quartzsite.
- The Mayor stated the opposition is not actually to the project or the loan, but the rate structure that has been applied to repay the loan.
- The Mayor stated the rates that are in place are unsustainable by the operator of these parks.
- The Mayor stated he had offered an alternative method of repayment that would lessen the impact on the utility customers.
- The Mayor stated he asked for a complete review of the expenses of the utility department in an attempt to determine if there are any ways to reduce the cost of operation of these departments.
- The Mayor stated, in closing, that there has been no serious consideration given to these requests.

Vice Mayor Jewitt opened the item for public discussion and advised that the three minute rule applies.

Jennifer Jones asked for a show of hands indicating those Council Members that had read the loan documents since the special meeting. She stated the USDA loan is on hold and the WIFA loan was executed. She said the WIFA loan has absolutely nothing to do with the litigation. Jennifer Jones spoke regarding the Town Engineer and his responsibility regarding the waste water treatment plant and its current condition. She also spoke regarding septic tanks.

Elmer London spoke regarding the Sheriff's Department. He remembers when 95 and Main Street were single lane roads. He spoke of concerns with having the Sheriff's

Department take over the Town's Police Department. He said as far as payment of the Mayor's legal fees and costs, he doesn't agree with that. He stated he thought he would be arrested for extortion or something if he did that.

Jeff Gilbert, resident, former Chief of Police, reminded everyone that this is about Mayor Foster suing his own Town over his veto power. He stated that the Mayor has extorted the Town by his demands and continues to cost this Town tens of thousands of dollars or more. He asked the Council when the Town will take action against him. Vice Mayor Jewitt replied that the only action the Town can take is censure. Mr. Gilbert said to do it and keep the public advised of it.

Mike Eggerstein, La Mirage RV Park, stated he makes buttons that say vote and he thinks that is the Town's only path.

Pam Kasby spoke about becoming aware that some people do not know the truth. She said the Town needs to go on with a positive attitude. She stated she believes the people should be informed and that everyone needs to extend a hand of friendship to everyone.

Terry Frausto spoke regarding there being other ways to do this, rather than hurt the community as a whole. She stated the water and sewer rates affect everybody, not just the RV parks. The whole community is what is important.

Council Member Timberlake stated this is not about the sewer plant; it is about the veto power, whether the Town has a council of seven with a mayor or a king. She stated they can censure, but it is not going to do a bit of good.

Council Member Crooks asked the audience for hands in response to the following questions:

- Is it fair to say you don't want us to give away your police department? – The audience indicated, by a show of hands, that she was correct.
- Is it fair to say you don't want us to pay his attorney fees, but to keep on with this litigation? – The audience indicated, by a show of hands, that she was correct.

Council Member Kelley stated things are in progress and the people need to stand up and not be afraid to sign things and do things.

James Murphy, citizen, stated it seems to him that legally the Town can ask the Attorney General to investigate how the Town can be held hostage for growth by special interest money and there is nothing the people can do about it. He said it is like extortion. He said he loves the Town and he thought it would grow.

Council Member Orgeron advised the people they should let the Mayor know what they want.

Town Attorney Goodwin stated she has made requests to the Attorney General in the past and the response has been that they only advise the state legislature, school districts, fire districts and one other type of entity, but not cities or towns. They declined to provide legal advice to a city or town requesting an opinion.

Town Attorney Goodwin advised she has not seen that the Mayor has violated a law. She stated the Mayor disagrees with the attorneys' interpretation of a statute and that is what is being litigated.

Council Member Orgeron advised there is no position in the United States that says that any one person has absolute ultimate veto power over the will of the people. The Town Council had a super majority, six to one.

Council Member Timberlake stated the Mayor's voice was heard in the original motion because he did get to vote, so he is asking to vote twice.

Council Member Scott stated she thinks the vote is very important.

Council Member Orgeron moved that the Council move into executive session and **Council Member Crooks seconded** the motion. The vote was unanimous. **Motion Passed.**

ADJOURN TO EXECUTIVE SESSION - 9: 17 p.m.

9. **EXECUTIVE SESSION - An executive session pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney in order to consider its position and instruct the Town Attorney regarding the Town's position regarding the *Foster v. Quartzsite* appeal and possible settlement discussions.**

RETURN TO OPEN SESSION – 9:55 p.m.

Vice Mayor Jewitt called the meeting back to order.

ROLL CALL:

Present: Vice Mayor Jewitt, Council Member Kelley, Council Member Crooks, Council Member Orgeron, Council Member Scott.

Absent: Mayor Foster, Council Member Timberlake.

COMMUNICATIONS:

10. **Announcements and Reports from the MAYOR on current events.**

None

11. **Announcements and Reports from the COUNCIL on current events.**

None

12. Reports from the TOWN MANAGER to the Council.

Town Manager Miller advised there is a special meeting scheduled for June 30, 2014, at 1:30 p.m. to review the fiscal year 2014-2015 budget and action could be taken at that time to adopt. That meeting was moved from the June 24 due to advertising requirements.

Town Manager Miller advised the Town has nine applications that have not been reviewed for the police chief position. He will seek advice from the attorneys as to how the process was completed in the past.

The July 4th Celebration is being advertised as 6:00 p.m. to 9:00 p.m. There will be a wide variety of community events. Food will be sold. Council Member Timberlake will be handing out free snow cones. There will be dunk tanks. Town Manager Miller said he is looking forward to seeing how Quartzsite celebrates Independence Day.

COMMUNICATIONS FROM CITIZENS

Council Member Scott moved to adjourn and **Council Member Kelley** seconded the motion. The vote was unanimous.

ADJOURNMENT: 9:55 p.m.

The meeting reconvened for a call to the public.

Jennifer Jones stated the Arizona Bar Association sent out a press release regarding Attorney Brannan and his status as an attorney. She questioned the fact that the Town has not hired conflict counsel. She stated she believes the Town did not budget enough for legal fees.

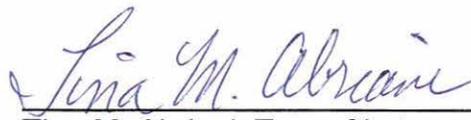
Council Member Orgeron moved to adjourn and **Council Member Crooks** seconded the motion. Meeting adjourned at 10:00 p.m.

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of June 24, 2014, of the Town Council of Quartzsite, Arizona, held on June 24, 2014.

I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 8th day of July 2014



Tina M. Abriani, Town Clerk

On behalf of the Common Council

Approved:



Ed Foster, Mayor