

**BOARD OF DIRECTORS
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
PIMA COUNTY, ARIZONA**

July 21, 2008

**** Board Room ****

**Metropolitan Domestic Water Improvement District
6265 N. La Cañada Drive
Tucson, AZ 85704**

MINUTES

Board Members Present: Judy Scrivener, Chair
Dan M. Offret, Vice Chair
Jim Doyle, Member
James Tripp, Member

District Staff: Mark Stratton, General Manager
Michael McNulty, Legal Counsel
Warren Tenney, Clerk of the Board
Alice Stults, Recorder

Special Meeting

I. Call to Order and Roll Call

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:30 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, and James Tripp were present. L.G. Ovseviz was not present.

II. General Comments from the Public

Mark Stratton, General Manager, noted that the District had a break-in on Saturday, July 19, 2008 in the warehouse area. Gasoline and a shop vacuum were taken. On Sunday, July 20, 2008, three persons tried to break into the mobile mini and left prior to Sheriff Deputies arriving. The Districts new security measures are working; however, the District will continue to work on additional security measures.

Mr. Stratton explained that staff will meet with representatives of Thim Water Utility Company next week to continue discussions on the possible acquisition of the water company.

III. Discussion and Possible Determination of Director Vacancy, Pursuant to A.R.S. § 38-291 for the Position of Director Occupied by Mrs. L.G. Ovsevit

Mr. Tripp made a motion to declare a vacancy on the Metropolitan Domestic Water Improvement District Board of Directors in accordance with A.R.S. § 38-291(7) because Ms. Ovsevit has ceased to discharge the duties of office for the period of three consecutive months by failing to abide by Board policies concerning attendance and participation at Board meetings; therefore, she has vacated her office and created a vacancy on the Board of Directors. Such vacancy is to be filled by a qualified elector appointed by this Board. Mr. Offret seconded the motion.

Michael McNulty, Lewis & Roca, prepared a report in the event that Mrs. Ovsevit was at the meeting. Due to her absence, Mr. McNulty passed out the report outlining documentary evidence and legal principals regarding this issue and the possible actions the Board might take. Mr. McNulty explained that he agrees that Mrs. Ovsevit has failed to abide by Board policy and failed to discharge her duties. He noted that he also agrees with the Board's decision and believes that it is fully within its legal rights to take the action of filling the vacancy created by Mrs. Ovsevit.

Mr. Offret wanted to go on record that he fully agrees with the above motion for the reasons stated. He believes that District electors have been deprived of representation because of the behavior demonstrated by Mrs. Ovsevit. Mr. Offret wanted to make sure that there was sufficient documentation to defend the Board's action should it be brought up in a court proceeding. Mr. McNulty said there is sufficient documentation that reflects the fact that Mrs. Ovsevit failed to discharge her duties by returning all mail and correspondence from the District unopened, and ceasing to take her seat at the meetings. In addition, the District has had to engage in many defensive activities to protect District employees because of Mrs. Ovsevit threatening behavior. Mr. McNulty said the Board not only has the authority to remove Mrs. Ovsevit from the Board for failing to fulfill her position as a Board of Director, but that it also has an obligation to ensure that the District is not subjecting employees to any further conduct that may create a hostile work environment. Based on these items, Mr. McNulty said he is comfortable with the Board's decision in this matter.

Ms. Scrivener asked if the Board members had sufficient time to review the report that Mr. McNulty had provided to them. The Board members replied yes.

Motion passed 4-0.

IV. Discussion and Possible Action to Fill Director Vacancy

Mr. Tripp made a motion in accordance with A.R.S. § 48-1012(C) to nominate Reb Guillot to fill the vacancy on the Board of Directors. Mr. Offret seconded the motion.

Mr. Stratton explained that Warren Tenney, Clerk of the Board, looked at what the Board has done previously when filling a vacancy. Mr. Tenney said that six times a vacancy has occurred during a Board members current term, and on each occasion, the Board has selected a person that has served

previously on the Board, or someone that has kept themselves aware of the business of the District. Mr. Guillot fits these criteria since he served previously on the Board when Dennis Polley resigned his position. Mr. Tenney gave examples of when the Board has previously appointed a person to fill a vacant position, and what qualifications they had that qualified them for the vacant position. Mr. Tenney also explained that a notice to fill the vacancy could be placed in the District newsletter to solicit interested persons to respond if the Board chose this option.

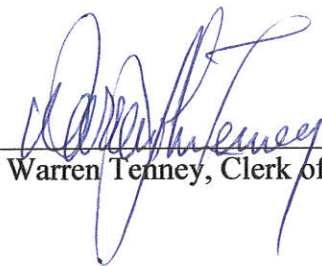
Ms. Scrivener asked if Reb Guillot was offered the Board member position, would he be willing to fill the vacancy. She explained that if he was not interested, this item could be placed on the August 2008 meeting agenda. Mr. Stratton said that staff would contact Mr. Guillot to verify that he would accept the position, and if so, that an Oath of Office document would be signed by Mr. Guillot prior to the August 11, 2008 Board meeting. If Mr. Guillot declines the offer, this item will be placed on the August 11, 2008 Board agenda for further discussion.

Mr. Offret asked if any Board members felt that this vacancy should be advertised in the newsletter or if they were comfortable at this time with the nomination of Mr. Guillot. None of the other Board members felt that solicitation for the vacancy was needed, and were comfortable with staff contacting Mr. Guillot, pointing out Mr. Guillot's previous experience serving on the Board.

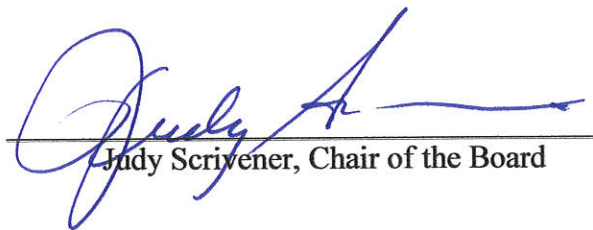
Motion passed 4-0.

V. Adjournment

The meeting adjourned at 5:50 p.m.



Warren Tenney, Clerk of the Board



Judy Scrivener, Chair of the Board