

DRAFT

MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF THE ESCUDILLA MOUNTAIN DOMESTIC WATER IMPROVEMENT DISTRICT OF APACHE, ARIZONA, JANUARY 17, 2026

- 1. CALL TO ORDER** - David Knobbe called the meeting to order at 11:01. Mike Draper and Mark LaCombe attended by phone. Melissa Chivers and Pat Cruse were absent. There were 9 district members in attendance.
- 2. APPROVAL OF AGENDA** - Mark LaCombe motioned to approve the agenda. Mike Draper seconded. David Knobbe approved.
- 3. APPROVAL OF THE OCTOBER 11, 2025 RESOLUTION OF INTENTION
HEARING MINUTES AND BOARD MEETING MINUTES.** The draft minutes were previously distributed. Mark LaCombe motioned to approve, Mike Draper seconded. David Knobbe approved.
- 4. CHAIR, BOARD MEMBERS, AND CLERK REPORTS**
 - Financial report - Lorie Knobbe reported that the EMDWID has a total of \$53,304.74. This amount is held between the Apache County account and the BMO account. The \$40,000 interest free GADA loan was paid back in November. The EMDWID has received almost \$90,000 in grant funds to date.
 - The WIFA loan for \$550,000 with \$337,500 forgivable principal has been approved and should close the first week in February. The funds are available on a “cost incurred” basis. A handout with the loan agreement’s tentative numbers was distributed. (See attached) The interest will be finalized two days before closing.
 - Conditional Use Permit Meeting on January 14, 2026 was attended by David and Lorie. All the items were tabled because there were not enough Planning and Zoning board members present to make a quorum. We were advised that our application will be on the agenda for the next meeting that is currently scheduled for February 4, 2026 at 5:00pm.
 - Easement access progress for Lot 80 (lower well). The Lowery’s have not responded to the recent letter from Frank Cassidy or emails from David. The EMDWID would like to resolve this matter without using eminent domain or condemnation proceedings.
 - Timeline - as part of the paperwork for the WIFA loan closing we had to come up with an estimated draw schedule. Melissa came up with a tentative draw schedule for the construction to begin in May and extend for 4 months.

5. DISCUSSION AND POSSIBLE ACTION TO APPROVE A RESOLUTION

AGREEING TO THE TERMS OF THE WIFA LOAN. The Resolution was distributed to the board members prior to the meeting. Zach Sakas from GT Greenberg Traurig LLP was on the phone to explain the loan and answer any questions from the board or members. Zach Sakas has been working with political subdivisions of the state, such as ours, for over 20 years. He explained that getting a WIFA loan (95 pages) is like borrowing from an agency that allows us the highest possible credit rating. The standard payment term is 20 years but we can pay the loan back as soon as 10 years. *"If you prepay the loan in years 1-10, you pay the interest that would have accrued for all of the first 10 years. If you prepay after year 10, then you only pay the interest accrued to the date of prepayment."*

Examples:

- *Prepay in year 8 = DWID prepays full unpaid principal balance, and owes interest for what is accrued to the date of prepayment PLUS the interest that would have been paid in years 9 and 10.*
- *Prepay in year 15 = DWID prepays full unpaid principal balance, only owes the interest accrued to the date of prepayment. DWID does not pay the interest for years 16-20.* Zach also explained to the group how WIFA has the funds available to borrow and make loans. David opened the meeting to allow for the members to ask any questions. None were asked. Mark LaCombe motioned to approve the Resolution authorizing the EMDWID to accept the terms of the WIFA loan. Mike Draper seconded. Unanimously approved.

6. DISCUSSION AND POSSIBLE ACTION TO PROCEED WITH THE BID

PROCESS. Due to the delay in the recommendation of approval by the Planning and Zoning Board to the Apache County Board of Supervisors do we want to proceed with preparing the paperwork necessary to put the project out to bid. Mark LaCombe motioned to move forward. Mike Draper seconded. David Knobbe approved.

7. DISCUSSION AND POSSIBLE ACTION TO APPOINT A BOARD MEMBER TO BE THE REP FOR THE ARIZONA SECRETARY OF STATE.

A representative reached out to the EMDWID to designate a board member to manage the records program. This person will be the coordinator and liaison with the Arizona State Library, Archives and Public Records. Since Lorie has most of the records Mark LaCombe motioned to select David Knobbe as that board member. Mark also said he would be responsible for all records relating to his duties as the Water Operator for our DWID. Mike Draper seconded. David Knobbe approved.

8. **CALL TO THE PUBLIC** - Jay DeWitt asked to be kept informed so he could enter a bid for electrical services. He said he quickly estimated that paying off the loan in 10 years will save the DWID about \$60,000. JD also asked if we have to pay off this loan prior to taking out another loan for the next phase of pipes to individual properties? David said WIFA does allow for multiple loans simultaneously for different projects also long as the first loan is in good standing. (Making payments on time.) Bob Glasgow asked if we are still on plan for completion February of 2027. David said yes. Tim Jones if we don't use the full amount will the loan be modified. David said yes.
9. **ANNOUNCEMENTS** - The next meeting is scheduled for Saturday, March 7, 2026. This date is after the Board of Supervisors meet in March.
10. **EXECUTIVE SESSION** - None was required.
11. **ADJOURNMENT** - Mark LaCombe motioned the meeting be adjourned. Mike Draper seconded. All in favor. The meeting adjourned at 11:34.