

MINUTES OF MEETING BOARD OF DIRECTORS FOUNTAIN HILLS SANITARY DISTRICT

The Board of Directors of the Fountain Hills Sanitary District met in a **Regular Meeting** on **Wednesday, January 16, 2013** at **5:00** p.m. in the District's Board Room located at 16941 E. Pepperwood Circle, Fountain Hills, Arizona.

Agenda Item No. 1

Call to order and roll call

Upon roll call the following Directors were present:

Chairman Bruce Hansen, Vice Chairman Bob Thomson, Director Tom Reski, Director Glenn Panaro, and Director Thom Besett.

The following Executive Staff members were present:

Ron Huber, District Manager, Bill Sullivan, Legal Counsel, Tori Sawyer, Controller, and Penny Cook, Assistant Secretary.

Agenda Item No. 2

Assumption of Chairman's duties by Vice Chairman and election of new Vice Chairman.

The duties of Chairman were turned over to Vice Chairman Thomson for 2013.

Director Panaro nominated Director Reski as Vice Chairman for 2013. Director Hansen seconded the motion, which passed unanimously.

Agenda Item No. 3

Approval of Minutes

A motion was made by Director Hansen to approve the minutes of the Regular Meeting of December 19, 2012 as presented. Vice Chairman Reski seconded the motion which passed unanimously.

Agenda Item No. 4

Presentation of Service Recognition Award to Mark Russo for 25 years of District service.

District Manager thanked Mark Russo for his 25 years of service and presented him with a service recognition award.

Agenda Item No. 5

Call to public

There was no public comment.

Agenda Item No. 6

District Manager's report; items to be discussed include plant and recharge statistics for December, permit compliance, progress on ASR Well No. 5 Project, Fountain Lake Water Quality, status of former State Trust Land, Reclaimed Water Use Agreements with Town, AWTF Chlorine Feed System Mods Project, Diffuser Failure in Digester, EFM/CIP Project, and general direction from Board.

- The District Manager reported the District's total recharge credit available as of December 31, 2012 was 147,235,979 gallons.

Department of Water Resources informed the District that the last 48 acre feet of leased water that economically could not be utilized can be substituted for 48 acre feet of recovered water used in an earlier month.

- All District facilities were in compliance with permit requirements for the month of December.
- Testing was performed on ASR Well No. 5 to determine if the vibration had been eliminated with the addition of I-beams to the divider wall of the vault. The vibration was reduced but was still substantial over several ranges of flow. District staff will proceed to the second recommendation by the vibration engineer specialist, i.e., plate over the I-beams and fill with concrete grout.
- The steel roof was flown out onto the building that houses the chlortainers for the AWTF Chlorine Feed System Mods Project. Work continues on the electrical panel and conduit installations in both that building and the existing chlorinator room across the road.
- District staff had a meeting with Carollo Engineers, MGC, and Mooer's Products who are providing the flexcap diffusers. It was agreed that the diffuser shipment should be delivered in two phases. One phase for one of the two digesters that is currently out of service and when that digester is complete, empty the other digester, clean it up and replace the aeration system.
- The EFM/CIP Project is on hold pending the outcome of Agenda Item No. 8.
- District staff will be traveling to Florida on 1/22-24/2013 to visit three influent screen installations for the Replacement of Influent Screens and Influent Pumps Project.

Agenda Item No. 7

Controller's report; items to be discussed include status of income and expenditures, billing, report on collection efforts to date, and general direction from Board.

The Controller reported the General Fund Income Statement for December was unfavorable to budget.

Billing is on track.

Agenda Item No. 8

Discussion and consideration to purchase new ultrafiltration equipment from Tonka Equipment Company in the amount of \$1,373,700.

District Manager presented the Board with a spreadsheet comparing four different options for membrane replacement. The cost included equipment, estimated construction, and estimated engineering.

The Tonka equipment and installation per gallon is considerably less expensive than Pall and the District Manager is requesting authorization to purchase the new ultrafiltration equipment from Tonka Equipment Company in the amount of \$1,373,700. District Manager answered questions from the Board pertaining to the comparisons presented and also budget issues.

Vice Chairman Reski made a motion to authorize District Manager to purchase new ultrafiltration equipment from Tonka Equipment Company in the amount of approximately \$1,500,000. Director Hansen seconded the motion which passed unanimously.

Agenda Item No. 9

Discussion and direction to staff concerning Reclaimed Water Use Agreement for Fountain Lake.

District has not received comments back from the Town of Fountain Hills attorney on the Reclaimed Water Use Agreement for Fountain Lake.

Agenda Item No. 10

Discussion and possible direction to staff regarding annexation of former state trust land.

District Manager informed the Board that per the Board's request at the last meeting, he called Don Kile and left a message for a status update and to date has not received a call back.

Chairman Thomson requested that this item not be placed on the agenda as an agenda item for future meetings.

Agenda Item No. 11

Discussion and direction to staff regarding District monthly meeting day.

District Board Meetings will be held on the fourth Tuesday of the month at 6:00 p.m. beginning February 2013.

Agenda Item No. 12

The Chairman, the individual members of the Board and the District Manager will each be permitted to provide a brief summary of current events. The Board will not propose, discuss, deliberate or take legal action at the meeting on any matter addressed in the summaries, unless the specific item is otherwise properly noticed.

There were no comments.

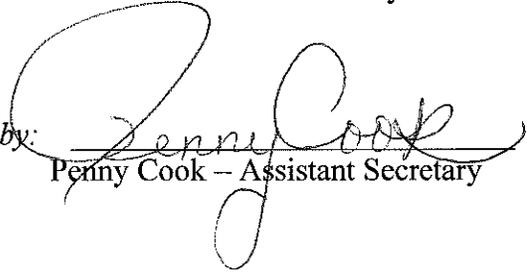
Agenda Item No. 13
Adjournment.

Director Hansen made a motion to adjourn the meeting at 5:38 p.m. Director Besett seconded the motion, which passed unanimously.

Dated this 18th day of January, 2013.

Fountain Hills Sanitary District

Minutes prepared by:

A handwritten signature in cursive script that reads "Penny Cook". The signature is written over a horizontal line.

Penny Cook – Assistant Secretary