

**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 **Tuesday, January 18, 2011** at **6:00** 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 Glenn Panaro, Vice Chairman Michael Howard, Director Bruce Hansen, Director Bob Thomson, and Director Tom Reski.

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 Howard for 2011.

Director Reski nominated Director Hansen as Vice Chairman for 2011. Director Panaro seconded the motion, which passed unanimously.

Agenda Item No. 3
Approval of Minutes

A motion was made by Director Thomson to approve the minutes of the Regular Meeting of December 21, 2010 as presented. Vice Chairman Hansen seconded the motion which passed unanimously.

Agenda Item No. 4
Call to public

There was no public comment.

Agenda Item No. 5

District Manager's report; items to be discussed include plant and recharge statistics for December, permit compliance, progress on ASR Well No. 5 Project, Pump Station No. 4 Paving Project, Fountain Lake Water Quality, status of former State Trust Land, Reclaimed Water Use Agreements-Eagle Mountain and Town, Utilizing Solar Energy at District Facilities, and general direction from Board.

- The District Manager reported the District's total recharge credit available as of December 31, 2010 was 220,817,979 gallons.
- All District facilities were in compliance with permit requirements for the month of December.
- Construction of the ASR Well No. 5 Project began on January 3, 2011. Initially there were some traffic control issues but were resolved quickly. Piping and manholes were installed, trench was backfilled, and paving was completed on Saguardo Blvd. Work continues on Avenue of the Fountains.

Vice Chairman Hansen thanked District Manager for his quick response to the traffic control issues.

Director Thomson suggested that the District put an ad in the Times after the project is complete thanking the public for their patience during construction.

- During the last rain, a portion of the Keystone block retaining wall failed for the Pump Station No. 4 Paving Project. Bedding sand was used to fill the cells of the block and the 12 inches behind the block where crushed rock was supposed to be used to enable water to "pass through" the installation. Dave Montgomery, the engineer, is preparing a report which will detail what is required of the contractor to correct the problem.

District Manager has withheld \$10,000.00 from the contractor until corrections have been made to the wall.

Agenda Item No. 6

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 favorable to budget.

There was one new Sewer Service Agreement issued in December.

Billing is on track.

Agenda Item No. 7

Discussion and direction to staff regarding the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 54.

Controller explained the changes required in future financial statements resulting from Governmental Accounting Standards Board Statement No. 54. The District has the option of changing to a proprietary fund reporting basis or continue with the governmental funds basis as amended by GASB 54.

After a discussion, it was decided that the District will continue with the governmental funds method and will revisit the proprietary fund method at the time it is decided there is no possibility of issuing bonds.

Agenda Item No. 8

Discussion and consideration to approve revisions to Purchasing Policy.

Controller is requesting authorization to implement the revisions to the purchasing policy.

After a discussion, Director Thomson made a motion to approve the revisions to the Purchasing Policy. Vice Chairman Hansen seconded the motion which passed unanimously.

Agenda Item No. 9

Discussion and possible direction to staff regarding Fountain Lake Water Quality Study.

District Manager informed the Board that there is an agenda item on Thursday's (1/20/11) Town Council meeting which would direct the appointment of staff to a work group in cooperation with the Fountain Hills Sanitary District to develop Fountain Lake water quality initiatives.

After a discussion, it was decided that at the February District Board meeting, there would be a discussion regarding topics that should be discussed by the work group.

Agenda Item No. 10

Discussion of possible water feature for Lake Improvement Project.

Vice Chairman Hansen suggested that different scenarios be looked at for possible water features in the downtown area.

Agenda Item No. 11

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

District Manager informed the Board that contact was made with Don Kile regarding setting up a meeting with his consultant with the possibility of getting him to agree to the scope of work for locating a test well that was previously presented to the Board. To date, he has not set up a specific date to meet.

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.

District Manager informed the Board that he has received a revised draft IGA with the Town for GIS and CAD services. This will be agendized at the February meeting if there are substantive changes.

Agenda Item No. 12

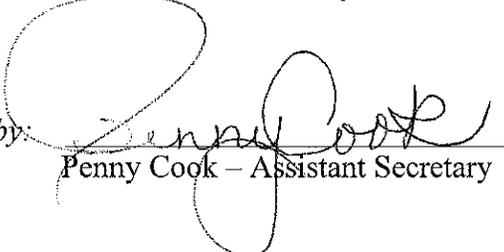
Adjournment.

Vice Chairman Hansen made a motion to adjourn the meeting at 6:49 p.m. Director Panaro seconded the motion, which passed unanimously.

Dated this 19th day of January, 2010.

Fountain Hills Sanitary District

Minutes prepared by:


Penny Cook – Assistant Secretary