

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, July 18, 2012** 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 Bruce Hansen, Director Tom Reski, Director Glenn Panaro, and Director Thom Besett. Vice Chairman Bob Thomson was absent.

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

Approval of Minutes: Regular Meeting: 06/20/12

A motion was made by Director Panaro to approve the minutes of the Regular Meeting of June 20, 2012 as presented. Director Reski seconded the motion which passed unanimously.

Agenda Item No. 3

Call to public.

There was no public comment.

Agenda Item No. 4

District Manager's report; items to be discussed include plant and recharge statistics for June, 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, and general direction from Board.

- District Manager reported the District's total recharge credit available as of June 30, 2012 was 56,957,979 gallons.
- District facilities were in compliance with all permit requirements for the month of June.
- The ASR Well No. 5 supply pump at AWTF that delivers water to ASR Well No. 5 can actually be reworked for about half to a third of the cost of a new pump. It is the District Manager's intention to have the pump rebuilt as a 5-stage vertical turbine pump and then have the pump put back into the wet well and additional testing done.
- MGC has mobilized to the job site for the AWTF Chlorine Feed System Mods Project.

- Work has been done in researching other types of diffusers that could possibly be used to retrofit the digester because of the diffuser failure. Only one diffuser was found that has been in operation for a substantial amount of time. The WWTP Operations Manager and District Manager will be visiting some plants which utilize these diffusers.

Agenda Item No. 5

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 that the General Fund Income Statement for June and 2011/12 fiscal year was slightly favorable to budget.

There was one Sewer Service Agreement issued in June.

Billing is on track.

Agenda Item No. 6

Discussion and consideration to engage Henry & Horne LLP to conduct the FY 2011/2012 financial audit of the District.

Controller informed the Board that Henry & Horne increased their fees from \$9,800 for the 2010/2011 audit to \$11,000 for the 2011/2012 financial audit. There are also some changes and additions to the wording of the letter.

After a discussion, a motion was made by Director Reski to execute the engagement letter presented by Henry & Horne to conduct the District's 2011/2012 fiscal year audit with identified changes and final legal review. Director Panaro seconded the motion which passed unanimously.

Agenda Item No. 7

Discussion and consideration to approve water rights lease agreement.

The water rights lease agreement has been reviewed by legal counsel and sent back to the potential lessor for review. District Manager is requesting authorization to be able to execute the lease agreement provided there are no substantive changes in comments. If there are any changes, District Manager can bring the agreement back at the next Board meeting for ratification. District Manager would like to execute the lease as soon as it is approved and send to the Department of Water Resources.

After a discussion, Director Panaro made a motion to authorize District Manager to execute the water rights lease agreement contingent on changes sent back and to the satisfaction of the District Manager and legal counsel. Director Reski seconded the motion which passed unanimously.

Agenda Item No. 8

Discussion and consideration to approve IGA with Town of Fountain Hills to perform various services for each other.

District Manager presented a draft IGA between the Town and District identifying services the two entities were performing for each other. This IGA would eliminate the two entities from charging each other for these services.

After a discussion, it was decided that the IGA will be agendized on a future agenda after staff and legal counsel have further clarified some of the items.

Agenda Item No. 9

Discussion and direction to staff concerning changes to standard form reclaimed water use agreement including whether to charge Town for water.

District Manager explained that the reclaimed water use agreement needs to be amended to deal with surcharges if the District acquires a supplemental water source.

After a discussion, legal counsel suggested that an amendment be made to the signed agreements dealing with supplemental water sources and surcharges. Also if supplemental water is procured, the amendment can deal with rationing the water proportional to each user's need with the exception of Fountain Lake and park which is first in priority.

District Manager and legal counsel will review the agreement further and agendize at a future Board meeting.

Agenda Item No. 10

Discussion and direction to staff re: draft Fountain Lake intergovernmental agreement.

On July 11, 2012, Town and District staff met to discuss the Town's questions regarding the draft IGA. Present at this meeting were Mayor Kavanagh, Ken Buchanan, Mark Mayer, Paul Mood, Bruce Hansen, and District Manager.

Based on the discussion, the draft IGA was given to the Town's legal counsel for his comments and then will be returned to the District.

Agenda Item No. 11

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

There was no discussion.

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

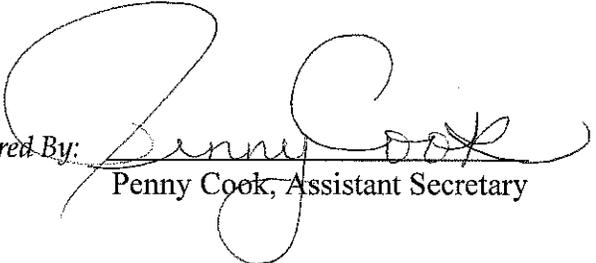
Adjournment.

Director Reski made a motion to adjourn the meeting at 7:38 p.m. Director Besett seconded the motion which passed unanimously.

Dated this 19th day of July, 2012.

Fountain Hills Sanitary District

Minutes Prepared By:


Penny Cook, Assistant Secretary