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, July 19, 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:

Vice Chairman Bruce Hansen, Director Bob Thomson, Director Tom Reski, and Director Glenn Panaro. Chairman Mike Howard was absent.

The following Executive Staff members were present:

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

Agenda Item No. 2
Approval of Minutes: Regular Meeting: 06/21/11

A motion was made by Director Thomson to approve the minutes of the Regular Meeting of June 21, 2011 as presented. Director Panaro 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, and general direction from Board.

- District Manager reported the District's total recharge credit available as of June 30, 2011 was 175,476,979 gallons.

- District facilities were in compliance with all permit requirements for the month of June.

- ASR Well No. 5 Project has started back up. The pump for the product water basin that will supply water from the AWTF to the well has been received. The well vault has also been received and set in the ground. Well cleaning was originally scheduled for July 26-28, 2011 and has now been delayed. Installation of the fiber optic cable between the well and AWTF will start on August 1, 2011.

- District Manager used a previously accepted format of a Reclaimed Water Use Agreement and adapted it for using in an agreement that would cover both Golden Eagle Park and Desert Vista Park. The agreement has been forwarded to legal counsel for review.

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 District Manager reported the General Fund Income Statement for June and 2010/11 fiscal year was favorable to budget.

There were a total of nine new Sewer Service Agreements received in FY 2010/11.

Billing is on track.

Agenda Item No. 6
Discussion and consideration to engage Henry & Horne LLP to conduct the FY 2010/2011 financial audit of the District.

District Manager informed the Board that since Henry & Horne LLP did an excellent job on the 2009/2010 financial audit, staff didn't feel it was necessary to solicit proposals for the 2010/2011 financial audit. Their pricing only increased by $800.00 from the previous year and staff is recommending that Henry & Horne LLP be engaged to perform the FY 2010/2011 financial audit at a cost not to exceed $9,800.00.

After a discussion, Director Panaro made a motion to execute the engagement letter presented by Henry & Horne LLP to conduct the FY 2010/2011 financial audit. Director Reski seconded the motion which passed unanimously.

Agenda Item No. 7
Discussion and consideration to authorize the District Manager to execute Task Order No. 2 with Carollo Engineers to proceed with the detailed design of the AWTF Chlorine Feed System Modifications Project at a cost not to exceed $161,017.

District Manager is requesting authorization to execute Task Order No. 2 with Carollo Engineers for the AWTF Chlorine Feed System Modifications Project at a not to exceed amount of $161,017.

Director Reski is requesting that District Manager clarify with Carollo what the PECE charges of $10,296. 00 consist of and if there is any flexibility in the expenses and if they can be negotiated lower.

After a discussion, a motion was made by Director Reski to authorize District Manager to execute Task Order No. 2 with Carollo Engineers to proceed with the detailed design of the AWTF Chlorine Feed System Modifications Project at a cost not to exceed $151,017 by eliminating the PECE line item. Director Panaro seconded the motion which passed unanimously.

Agenda Item No. 8
Discussion and consideration to authorize the District Manager to enter into an agreement with Doug Kobrick, P.E., to prepare the detailed design for a reclaimed water line from site of a future reservoir at the AWTF to the existing Ashbrook Wash Reclaimed Water Line in order to accommodate the paving of Saguaro Blvd. by the Town. Authorization would be subject to contract format approval by District legal counsel. The contract cost will be the lump sum of $59,570.

After a discussion, a motion was made by Director Reski to authorize District Manager to enter into an agreement with Doug Kobrick, P.E., to prepare the detailed design for a reclaimed water line from site of a future reservoir at the AWTF to the existing Ashbrook Wash Reclaimed Water Line at a lump sum cost of $59,570 subject to approval by District legal counsel. Director Thomson seconded the motion which passed unanimously.

Agenda Item No. 9
Discussion and direction to staff regarding the elements of responsibility for inclusion in an agreement between the Town and District regarding the District's involvement in the improvement and operation of Fountain Lake.

District Manager informed the Board that in the Joint Study Group, a list of items was presented that needed to be considered in an agreement. The questions involve various areas of responsibility. At the last Joint Study Group meeting, District Manager volunteered to draft an agreement that would serve as a Reclaimed Water Use Agreement/IGA. District Manager is requesting guidelines from the Board before he starts drafting the agreement.

After a discussion, direction was given to District Manager to draft an IGA initially only dealing with the comprehensive lake maintenance management plan and design and construction of lake piping system.

Agenda Item No. 10
Possible discussion and direction to staff regarding annexation of former state trust land.

There were no comments.

Agenda Item No. 11
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.

Director Thomson stated that he was pleased with the color and the overall appearance of the perimeter wall and buildings after the latest project was completed. He would also like to discuss the sidewalk at the next meeting.

Agenda Item No. 12
Adjournment.

Director Thomson made a motion to adjourn the meeting at 7:12 p.m. Director Reski seconded the motion which passed unanimously.

Dated this 20th day of July, 2011.

Fountain Hills Sanitary District

Minutes Prepared By: Penny Cook

Penny Cook, Assistant Secretary