

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, December 16, 2008** 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 Bob Thomson, Vice Chairman Tom Reski, Director Glenn Panaro, Director Michael Howard, and Director Bruce Hansen.

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: 11/18/08

A motion was made by Director Hansen to approve the minutes of the Regular Meeting of November 18, 2008 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

Discussion and consideration to approve transferring the District's 457 and 401(a) retirement plans from Security Benefit to The Hartford.

Doug Schmidt from Legacy Asset Management presented concerns with regard to the credit worthiness of Security Benefit which now is the carrier of the District's retirement plans. He recommended that the District move their retirement plans from Security Benefit to The Hartford. He answered questions from the Board regarding transferring the funds. Staff recommended the transfer.

District Manager requested authorization to transfer the District's 457 and 401(a) retirement plans from Security Benefit to The Hartford.

After a discussion, Director Hansen made a motion to authorize the transfer of the District's 457 and 401(a) retirement plans from Security Benefit Life to The Hartford Life Insurance Company for investment, management, administration, and record keeping and assigning Reliance Trust Company as the Trustee of the plan. Vice Chairman Reski seconded the motion which passed unanimously.

Agenda Item No. 5

District Manager's report; items to be discussed include plant and recharge statistics for November, permit compliance, progress on ASR Well No. 5, status of former State Trust Land, Pump Station No. 4 Modifications, Flow Equalization Basin Expansion/Interim Digester Mods project and addition of fifth microfiltration rack, Saguaro Woods property, Town Square Project, Economic Stimulus Package, and general direction from Board.

- General Manager reported the District's total recharge credit available as of November 30, 2008 was 306,156,979 gallons.
- All facilities were in compliance with permit requirements for the month of November.
- District staff met with CDM staff to discuss questions concerning the plans and specifications that are being prepared for the ASR Well No. 5 project. A final draft of the plans and specs should be done some time in January.
- The pump station building slab for the Pump Station No. 4 Modifications project was formed and poured. A portion of the perimeter block wall has been constructed and the electrical subcontractor is installing conduits.
- The existing blower building was re-roofed for the Flow Equalization Basin Expansion/Interim Digester Mods and Addition of Fifth Microfiltration Rack project. Fascia trim on the storage building is being installed. The electrical subcontractor is installing conduits both underground and within buildings. The new electrical switch board was installed. The final concrete pour was made for the clarifier wall.
- There is nothing new to report on the Town Square Project in downtown Fountain Hills.
- District Manager met with the Mayor of Fountain Hills, along with the Town Manager, two Town Council persons, the School District Superintendent, School District Business Manager, Chairman Thomson, Jerry Miles, and Town staff to talk about the economic stimulus package that is expected to be passed sometime at the end of January after the inauguration of the new President.

It's expected that this economic stimulus package will contain a significant amount of money for public works construction. Some of this public works construction is going to be for water and wastewater projects. Everyone is putting together lists of projects that they are going to turn in to their congressional representatives to be considered for some of this economic stimulus public works money.

District Manager provided a list of projects to the Town which included three projects that amount to \$9,500,000:

1. Combination of two projects: ASR Well No. 5 Project and also Fifth Microfiltration Rack at a cost of \$5,000,000.
2. Sewer Line rehabilitation project which would be the repair and replacement of aging sewer lines at a cost of \$3,000,000.
3. Rehabilitating Pump Station No. 14 at a cost of \$1,500,000.

Chairman Thomson requested the District Manager check prices on materials for future projects and see if the District would be able to purchase these materials at a lower price now than in the future.

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's report indicated the Income Statement for November was favorable to budget.

The number of new Sewer Service Agreements is still below budget.

Billing is on track.

Agenda Item No. 7

Discussion and consideration to accept FY 2007/2008 audit report.

A motion was made by Director Hansen to accept the FY 2007/2008 audit report for filing. Director Panaro seconded the motion which passed unanimously.

Agenda Item No. 8

Discussion and possible direction to staff re: acquisition of Saguaro Woods property adjacent to WWTP.

Motion to adjourn regular session and go into executive session:

- a. Pursuant to A.R.S. § 38-431.03(A)(3) & (7), for the purpose of discussion or consultation with the District's legal counsel regarding the purchase of a parcel of land from Saguaro Woods.

Motion to reconvene regular session.

Agenda Item No. 9

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

Motion to adjourn regular session and go into executive session:

- a. Pursuant to A.R.S. Section 38-431.03 (A)(3)&(4), for the purpose of discussion or consultation with the District's legal counsel for legal advice regarding the annexation process and/or to consider the District's position and instruct its counsel regarding a pre-annexation (or similar) agreement involving the former state trust land.

Motion to reconvene regular session.

Vice Chairman Reski moved and Director Hansen seconded to go into executive session pursuant to A.R.S. § 38-431.03(A)(3)(4) & (7), for the purpose of discussion or consultation with the District's legal counsel for legal advice regarding Agenda Items No. 8 and 9. Motion carried unanimously and the regular session adjourned at 6:41 p.m.

Motion by Vice Chairman Reski and seconded by Director Panaro to reconvene into regular session. Motion carried unanimously and the regular session resumed at 7:10 p.m.

There was no discussion and no direction given to staff.

Agenda Item No. 10

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.

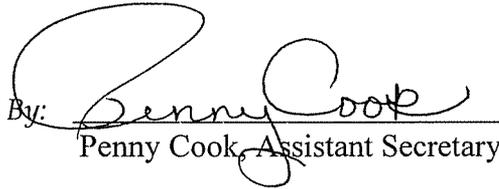
Agenda Item No. 11
Adjournment.

Director Hansen made a motion to adjourn the meeting at 7:11 p.m. Vice Chairman Reski seconded the motion which passed unanimously.

Dated this 17th day of December, 2008.

Fountain Hills Sanitary District

Minutes Prepared By:


Penny Cook, Assistant Secretary