

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, October 20, 2015** 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 Thom Besett, Director Robert Thomson, Director Tom Reski, and Director Gregg Dudash. Vice Chairman Bruce Hansen was absent.

The following Executive Staff members were present:

Ron Huber, District Manager, Bill Sullivan, Legal Counsel, Tori Myers, District CPA, and Penny Cook, Assistant Secretary. Also present was Hazel Cunningham, Administrative Services Manager.

Agenda Item No. 2

Approval of Minutes: Regular Meeting: September 15, 2015

A motion was made by Director Thomson to approve the minutes of the Regular Meeting of September 15, 2015 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

Presentation by CB Hagar, "An Alternative to Effluent Treatment for Sodium and total Dissolved Solids".

CB Hagar presented the Board with an alternative to effluent treatment in which sodium and total dissolved solids are eliminated from the water before it reaches the consumer. He also answered questions from the Board.

Direction was given to the District Manager to discuss this treatment method with Epcor Water for their consideration.

Agenda Item No. 5

Discussion and direction to staff regarding request from MCO Properties to waive or reduce capacity fee for new welcome center at entrance to Adero Canyon.

MCO Properties is requesting consideration to waive or lower the capacity fee for their welcome center at the entrance to Adero Canyon which will be constructed in the roadway median.

After a discussion, Director Thomson made a motion to accept \$1,000 and suspend payment of \$9,000 of the Capacity Fee for the Adero Canyon Median building subject to execution of a letter agreement and recordable notice acceptable to the Chairman and legal counsel requiring full payment prior to change of the use of property impacting use of the District sewerage system. Director Reski seconded the motion which passed unanimously.

Agenda Item No. 6

District Manager's report; items to be discussed include plant and recharge statistics for September, permit compliance, WWTP Influent Screen and Pump Replacement, Ashbrook Wash Flood Control Project, Reclaimed Water Use Agreements for Desert Vista Park and Golden Eagle Park, Morningstar and Park Place Projects, damage to bleach tank at AWTF, and general direction from Board.

- District Manager reported the District's total recharge credit available as of September 30, 2015 was 488,362,849 gallons.
- All facilities were in compliance with permit requirements for the month of September.
- Replacement of the north screen for the WWTP Influent Screen and Pump Replacement project should be installed and operating by Wednesday, October 28, 2015. Replacement of the south screen will begin after completion of the north screen.
- District staff attended the preconstruction conference for the Ashbrook Wash Flood Control project Monday, October 19, 2015. There was a discussion pertaining to the 18 inch fiberglass force main from Pump Station No. 4 that has to be relocated under the box culvert.
- District Manager informed the Board that sometime between Friday, September 18, 2015 and Monday, September 21, 2015, the bleach tank at the AWTF was damaged from a shot from what appeared to be a pellet gun. The shot was taken from within the walls of the facility and is requesting the Board consider installation of a fence-top barrier.

Director Reski suggested District staff look into installing cameras. District staff will look into the costs for installation of either the cameras or the fence-top barrier.

Agenda Item No. 7

District CPA'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 CPA reported the General Fund Income Statement for September was slightly favorable to budget.

Billing is on track.

Agenda Item No. 8

Discussion and consideration to execute first amendment to water right lease agreement with Phoenix Country Club.

Director Reski made a motion to approve the first amendment to extend the water right lease agreement with Phoenix Country Club with a one year option. Director Dudash seconded the motion which passed unanimously.

Agenda Item No. 9

Discussion and possible direction to staff regarding Morningstar Sewer Service Agreement.

District Manager and legal counsel presented the Board with a letter that was drawn up which accompanied the Sewer Service Agreement indicating that there were only going to be 91 beds. In the event that there were more beds, it would be necessary to pay for the increased number of beds.

Agenda Item No. 10

Discussion and possible direction to staff regarding areas of potential cooperation with Epcor Water associated with evaluation and possible implementation of usage based rates and disconnect options.

District Manager informed the Board that in order to go from a flat rate to a fee based upon water use for residential and commercial, the District needs to enter into an agreement with Epcor Water to obtain water consumption data. In the agreement, Epcor can also have a clause in it for disconnect options that will need to be approved by the Corporation Commission.

Direction was given to staff to start the agreement process and present a draft agreement at the November 2015 regular Board meeting.

Agenda Item No. 11

VOTE TO GO INTO EXECUTIVE SESSION FOR THE FOLLOWING PURPOSE: pursuant to A.R.S. Section 38-431.03(A)(1) discussion regarding timetable of events associated with District Manager's retirement and hiring his replacement.

Director Thomson moved and Director Reski seconded to go into executive session pursuant to A.R.S. Section 38-431.03(A)(1) for discussion regarding District Manager's retirement and hiring his replacement. Regular session adjourned at 7:37 p.m.

Agenda Item No. 12

RETURN TO REGULAR SESSION.

Regular session resumed at 7:40 p.m

Agenda Item No. 13

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 asked if the Board would like to cancel the December 2015 regular meeting. This item will be agendized on the November 17, 2015 agenda.

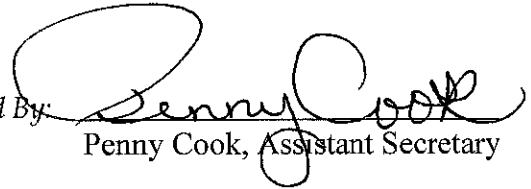
Agenda Item No. 14
Adjournment.

Director Reski made a motion to adjourn the meeting at 7:41 p.m. Director Thomson seconded the motion which passed unanimously.

Dated this 21st day of October, 2015.

Fountain Hills Sanitary District

Minutes Prepared By:

A handwritten signature in black ink, appearing to read "Penny Cook". The signature is written in a cursive style with a large loop at the beginning and a long tail.

Penny Cook, Assistant Secretary