

**Board Meeting Minutes
April 14, 2011**

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
MAGNA WATER DISTRICT**

A regular meeting of the Board of Trustees of the Magna Water District was held Thursday, April 14, 2011, at 3:00 p.m. at the District's offices at 2711 South 8600 West, Magna, Utah.

Trustees Present:

Hank Johnson, Chairman
Mickey Sudbury

Staff Present:

Brent Williams, General Manager
LeIsle Fitzgerald, District Controller
Kim Bailey, Water Operations Supervisor
Steve Williams, Wastewater Operations Supervisor

Also Present:

David Hartvigsen, Smith Hartvigsen, PLLC
Don Olsen, Epic Engineering
Erinaldo Herrera, Magna Resident
Sheila Mirnoz, Magna Resident
Rey Trevino, Magna Resident
Jim Nichols, Magna Resident
Dan Peay, Magna Chamber of Commerce
Berkley Hanks, APA Benefits
John Richardson, Carollo Engineers

Call to Order:

Hank Johnson called the regular board meeting to order at 3:00 p.m. and welcomed the public. Hank excused Doug Bezzant from the meeting.

Approval of Consent Items:

Minutes of Board meetings held March 10 and March 17, 2011: A motion was made by Mick Sudbury, seconded by Hank Johnson to approve the regular board meeting minutes dated March 10, 2011 and the special board meeting minutes dated March 17, 2011. The motion was approved as follows: Hank Johnson, yea, and Mick Sudbury, yea.

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Expenses for March 7, 2011 to April 11, 2011: A motion was made by Mick Sudbury, seconded by Hank Johnson, to approve the expenses in the amount of \$582,322.25. The motion was approved as follows: Hank Johnson, yea, and Mick Sudbury, yea.

Public Comments:

Ernie Herrera addressed the board regarding his sewer line at 3066 S 8900 W. He has had his basement flooded about 4 times. He presented to the Board pictures of the damage. He indicated that he felt that it was the District's responsibility to fix his sewer line so that he would not have any more sewer backups. Mr. Herrera indicated that when he connected to the sewer years ago, he could only go to the property line, and that the sewer line was the District's responsibility from there. Mr. Herrera had a video tape of the sewer lateral that had been cleaned. His lateral extends from the home to the main, which is on the other side of the street. Mr. Herrera was in the house since 1960 and it was approximately 1953 when the home was hooked to the sewer. Mr. Herrera indicated that back then the District allowed him only to go to the property line and not the main. Currently the District's policies are that the homeowner is responsible for the entire lateral to the main line. David Hartvigsen indicated that rules change periodically, as like in the legislation, so does the District's

Hank indicated that he would like to get a copy of the tape and all information and take everything under advisement and get back with the homeowner as soon as possible.

Jim Nicholes indicated that years back, if he remembered correctly, the homeowner could only go to the property line. Magna Water took over from the property line to the main. Jim indicated that he felt that if laws are changed, this man should be grand fathered in under the old law.

Presentation to Board on Executive 401(k) by Berkley Hanks, APA Benefits: Periodically APA reviews the performance of the assets with the trustees of the plan. That is the purpose of Berkley being here today. APA reviews all the investments every quarter and then report any investments that need to be monitored or if any changes need to occur. He reported to the board what the assets are invested in. Each individual investment is run through a scoring system; a score of 10 is a perfect score. There are some funds that are not scored at all because there is no reason to score them like the guaranteed fund. 89% of the investment assets are passing the scoring system; they are scoring between a 7 and a 10. The criteria used to score each investment, is a comparison of the fund's returns with their peers. 80% of the investments of the assets in the plan are beating their peer group for performance. APA is recommending that the firm watch the following investments: American Funds Capital World Bond R5, American Funds Growth Fund of Amer R5, American Funds Invmt Co of Amer R5 and American Funds American Hi Inc Tr R5. The watch is a formal process which will put the funds on a list of investments that the firm reviews and puts additional scrutiny on them until some other action is taken. The first step in removing a fund would be to put it on this watch list. It may be that the next time they have a review they may have a recommendation to change the funds. It may well be that there will be no further action on those funds and things would be just fine. A motion

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was made by Mick Sudbury, seconded by Hank Johnson, to place those funds on a formal watch list. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Discussion and possible motion to approve new fencing and block wall at booster station on 8000 W. Fencing installed by Mountain States Fence for \$3,790 and block wall installed by personnel, supplies costing \$2,500: A discussion was held regarding the replacement of the fencing at 8000 Booster. This fence bid is to replace all the wire, gates, leaving the posts and Magna's crews painting the posts which are in great shape.

Jim Nicholes indicated that that was what the homeowners were promised a long time ago and are very happy with what will happen with the new fencing. Jim also indicated that he has horses in the pasture there and would like to be informed as to when the fencing was going to take place so that he could take care of the horses before then. Brent indicated that he would coordinate with him.

A motion was made by Mick Sudbury, seconded by Hank Johnson to approve the new fencing and block wall at the 8000 booster station, approving the fencing by Mountain State for \$3,790 and the block wall installed by Magna Water for \$2,500. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Discussion and possible motion to approve purchase of Utah and Salt Lake Canal water share from Marilyn Taylor for \$7,000: A discussion was held regarding the purchase of the water share. The last share was purchased for \$6,000, staff talked with some of the developers that have recently purchased water shares who had paid \$7,500. This price is pretty much inline. Don Olsen expressed that with the assessment that has been recently assessed there are tremendous amount of people out there worried how the assessment is going to be paid. There are probably a tremendous amount of shares for sale at a reduced price because of the assessment and not being able to pay the assessment. The Staff will look into that. A motion was made by Mick Sudbury, seconded by Hank Johnson, to approve the purchase not to exceed \$7,000 from Marilyn Taylor. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Discussion and possible motion to approve Change order for an additional 1,600 feet of secondary pipeline in the 2820 S waterline project starting at 7200 W moving east, const estimate of \$110,130: The project originally came under budget. The District has looked into extending the secondary waterline. By extending the pipeline it would serve three big open spaces in Sugar Plum Subdivision and approximately 200 residential homes. The staff feels like it would be beneficial to extend the pipeline while already having a contractor onsite. Staff's recommendation would be to approve the change order. A motion was made by Mick Sudbury, seconded by Hank Johnson, to approve the change order in the amount of \$110,130. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

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Motion to approve leasing 2 F150 XLT 4x4 crew cab trucks in the amount of \$4,586.89/year/vehicle and one 2011 Ford Explorer XLT 4x4 truck in the amount of \$4,961.67/year from Ken Garff Automotive for a 2 year term, cost not to exceed 10% over quoted amount: A motion was made by Mick Sudbury, seconded by Hank Johnson, to approve the lease of the vehicles. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Motion to approve Resolution #2011-01 regarding vehicle lease agreement with Zion's National Bank: A motion was made to approve the Resolution #2011-01 regarding the vehicle lease agreement with Zion's National Bank. The resolution was read as attached. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Motion to approve increase to management's health insurance premium of 13% per month: LeIsle indicated that the insurance had increased 13%, an additional \$680 per month in total beginning April 2011. A motion was made to approve the increase by Mick Sudbury and seconded by Hank Johnson. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Water Distribution/Production:

1. Kim Bailey indicated that the waterline on 7200 W was almost complete. They have relocated all the hydrants and meters and tied in the new main. Weather permitting they will start asphaltting their cuts next week. From there they will start on the 2820 South portion.

2. Kim Bailey indicated to the Board that water production was up 2% for the month of March and down 3% year-to-date.

WWTP Operation/Collection System:

1. Steve Williams reported that the fine screen project is right on schedule. They are fighting with the weather as everyone is. They have been holding the biweekly construction meetings and everything is right on track. The gates ended up coming in early. The collection crew has been running the camera truck and working the vacuum truck on the sewer lines in the district.

Meet in closed session immediately to discuss personnel issues: Motion was made to meet immediately in closed session by Mick Sudbury and seconded by Hank Johnson. Motion was approved as follows: Mickey Sudbury, yea and Hank Johnson, yea at 3:42 p.m.

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Chair entertained a motion to close the closed session and reopen the public meeting at 4:01 p.m. Motion was made by Mick Sudbury, seconded by Hank Johnson. Motion was approved as follows: Mickey Sudbury, yea and Hank Johnson, yea.

Motion to approve recommended new hire: Brent indicated to the Board that the application and interviewing process has been completed. Management team interviewed 13 applicants and scored them. Staff recommends that Steve Finocchiaro be hired. The pre-employment screening will be performed then hire after that.

Motion to approve closed meeting minutes dated March 10, 2011: A motion was made by Mick Sudbury, seconded by Hank Johnson, to approve the closed meeting minutes dated March 10, 2011. The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Discussion and possible motion on consultant fee increase to Market Design Strategies, LLC: Board indicated that they were going to allow the District Manager follow up on this item.

Other Business:

Brent indicated that the District was going ahead with the tank painting project. The schedule of the project was given to the Board. Bid opening is planned for May 10, 2011 and by next board meeting Staff should be able to come to the Board with their recommendation.

Adjourn: Motion was made by Mick Sudbury, seconded by Hank Johnson, to adjourn the meeting at 4:04 p.m. Motion was approved as follows: Hank Johnson, yea, and Mickey Sudbury, yea.

Attest

Chairperson