

**Board Meeting Minutes
January 10, 2013**

**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, January 10, 2013, at 3:00 p.m. at the District's offices at 2711 South 8600 West, Magna, Utah.

Trustees Present:

Hank Johnson, Chairman
Doug Bezzant
Mick Sudbury

Staff Present:

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

Also Present:

David Hartvigsen, Smith Hartvigsen, PLLC
Don Olsen, Epic Engineering
Dan Peay, Magna Resident
Jack Weiss, Magna Resident
Kelly Butoch, Magna Resident
Alex Buxton, Zions Bank
Chris Rozelle, Utah-Local Government Trust
Sharron & Ann Rushton, Magna Resident
Carl & Sue Duckworth, Magna Resident
Steve Prokopis, Magna Resident
Cheyenne & Brooke Densley, Magna Resident
Katie Peterson, Magna Resident
Daryl & Leah Wright, Magna Resident
Marie VanCleave, Magna Resident
Mike Brinkerhoff, Magna Resident
Doug Eldredye, Fox 13
Robert Goodick, Magna Resident
Laura Jo McDermaid, Magna Resident

Call to Order:

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

**Board Meeting Minutes
January 10, 2013**

Elect 2013 Board Chairman: Mick Sudbury moved the 2013 Board Chairman to remain as Hank Johnson; the motion was seconded by Doug Bezzant. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea and Mick Sudbury, yea.

Welcome the Public and Guests.

Approval of Consent Items:

Minutes of Board meetings held December 13, 2012: A motion was made by Mick Sudbury, seconded by Doug Bezzant to approve the regular board meeting minutes dated December 13, 2012. The motion was approved as follows: Hank Johnson, yea, Mick Sudbury, yea and Doug Bezzant, yea.

Expenses for December 8, 2012 to January 4, 2013: A motion was made by Mick Sudbury, seconded by Doug Bezzant, to approve the expenses in the amount of \$133,581.09. The motion was approved as follows: Hank Johnson, yea, Mick Sudbury, yea and Doug Bezzant, yea.

Bond Payment to Zion's Bank: A motion was made by Mick Sudbury, seconded by Doug Bezzant, to approve the bond payment to Zion's Bank in the amount of \$518,035.54. The motion was approved as follows: Hank Johnson, yea, Mick Sudbury, yea and Doug Bezzant, yea.

Presentation by Zions Bank Public Finance on refinancing Series 2007 and 2005 A general obligation bonds: Alex Buxton presented to the Board the savings that the District could receive by refinancing the bonds. The interest rates have gone up in the last couple weeks so it would be most beneficial to only refinance the 2007A only. Depending on when the refinance happens and the interest rates, will determine if the District would be better off to refinance both or only one. In order to start the process of the refinance, the Board needs to choose a bond attorney and adopt a parameters resolution. At any time the Board can decide to back out if the interest rates will not generate any savings. A motion was made by Doug Bezzant, seconded by Mick Sudbury, to proceed ahead with the parameters resolution for the next board meeting in February. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea and Mick Sudbury, yea.

Meet in closed session immediately to discuss possible litigation: Motion was made to meet immediately in closed session by Mick Sudbury. The motion was seconded by Doug Bezzant. Motion was approved as follows: Doug Bezzant, yea, Mick Sudbury, yea and Hank Johnson, yea at 3:27 p.m.

Board Meeting Minutes January 10, 2013

Chairman Johnson entertained a motion to close the closed session and reopen the public meeting at 4:25 p.m. Motion was made by Mick Sudbury, seconded by Doug Bezzant. Motion was approved as follows: Doug Bezzant, yea, Mickey Sudbury, yea and Hank Johnson, yea.

Discussion and possible motions on matters addressed in closed session:

Motion to approve the closed Board meeting minutes dated October 11, 2012: A motion was made by Doug Bezzant, seconded by Mick Sudbury, to approve the closed meeting minutes October 11, 2012. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea, and Mick Sudbury, yea.

Chairman Johnson indicated to the public that the Board would be taking public comments and listening to the public's concerns. He introduced Chris Rozelle from Utah-Local Governments Trust, the District's insurance carrier, and indicated that if the public had any questions for him, feel free to address those questions to him. He also stated that after all of the comments are heard, the Board will take all comments under consideration and meet to discuss the public's concerns and position and respond at a later date. Chairman Johnson also asked the public that they please try not to repeat any comments that have already been made for time sake.

Public Comments:

Leah & Daryl Wright: Leah Wright requested from the Board a written form from the insurance why the liability was not taken by the insurance for the sewer backup on December 31, 2012. Daryl indicated their concerns were regarding the sewer backup. The homeowners are frustrated and most of the homeowner's policies will not cover any damage because it was something that impacted the homes that wasn't on their property, it was from somewhere else. Daryl indicated that the homeowners have been offered a no fault amount of \$5,000 from the insurance company to pay for the clean-up stage. Most homeowners still have contaminated waste and product still in their homes in bags and on personal contents. Daryl explained that the day it happened one of the homeowner had an alarm by their drain and called the District to report the backup, at that time the water was coming up just barely into any of the homes, about 20 minutes later when the water company got there and evacuated the system, the sewage really started coming up, one of the homes were not damaged at all until the water company got there to fix the problem. The homeowners are looking to the Board for some kind of help with the situation, to pay for the damage and time spent dealing with this. Personal property has been damaged and it will affect the value of the homes when being sold down the road and the emotional damage of the situation. The homeowners indicated that the insurance hadn't asked anyone what had happened. What procedures were taken to clean the blockage? The homeowners have photos and videos of the backup.

Mick Sudbury inquired if the clean-up company disposed of the contamination.

The clean-up company took care of the immediate contamination, but there is still a lot of clean-

**Board Meeting Minutes
January 10, 2013**

up to be done. Bags of contaminated contents are still in the homes and garages. The carpet, sheet rock, insulation, vanities in bathrooms all need to still be taken out of the home.

Sharron & Ann Rushton: Sharron indicated that they were the only house on 7200 W that was affected by the backup, which they don't understand why. He also indicated that it has been quite a blow to them. They don't know how to cope with this; they feel like they have been invaded. Why so much pressure was exerted to push that much water into a few houses, why didn't it really backup? Insurance Company contacted them early in the situation and indicated that the company had liability but that is all, they wouldn't admit how much liability or where it stood. Where is the homeowner's liability, if we don't get some coverage or some help that's our liability? Second mortgages? This is going to affect the resale value of the homes down the road. That could really hurt; we would appreciate any consideration that the Board could give. What would happen if it was in your house? How would you feel? Right now the way things are the new tax structure none of us are going to have as much money as we had last year. How are we going to do this? We are going to have to go into debt, why should we go into debt when we had nothing to do with this.

Cheyenne & Brooke Densley: Cheyenne inquired what the size of the pipe is.

Brent indicated that it was a 10" pipe at that location.

Cheyenne indicated that he was reviewing some of the previous meeting minutes of the Board, and noticed that in November the meeting minutes it was indicated that in the master plan study with Epic Engineering that some areas of sewer pipe is at capacity at peak days and normal capacity is 60% and the District needs to consider upsizing some of those lines. Is this line one of them?

Don Olsen indicated that this pipe is not one of them. The pipes that Epic Engineering acknowledged are north of 2700 S; closer to the freeway.

Cheyenne asked where the blockage was; was it upstream from the houses that were affected?

Brent indicated that the blockage was in the manhole at 2946 S and 7200 W.

Cheyenne asked if this type of thing is called in or is there an alarm that goes off.

Brent indicated that the situation needs to be called in to the District by a homeowner that is experiencing a back-up.

Cheyenne inquired that if the District's staff is called out on a blockage, is there any kind of procedure of clearing the blockage. Cheyenne is assuming that if the homeowners were downstream of the blockage then when the District cleared the blockage there was so much volume of water that when they cleared it that 10" pipe couldn't handle all of the water. That's why there was so much pressure. Is there no way to put some kind of vacuum on this to slow the

**Board Meeting Minutes
January 10, 2013**

flow as the blockage gets cleared?

Brent indicated that the water is going up the manholes also not just the piping. Don indicated that the only way would be to pump the blockage from the manhole above the blockage. Time-wise to get that type of pump would take a long time to locate, no one has them, plus the District cannot pump the sewage out on the ground, you would have to have tanks to put it in and you are talking hours and hours of pumping which would create more damage than cleaning the blockage as quickly as possible. Don indicated that he agreed that as the blockage was released it could have created a surge to pipes downstream, but if it was not cleared then the backup would continue to get larger and affect more homes as it moved farther south up the street. The goal for the maintenance people would be to relieve the plug as fast as possible. The maintenance people have no mechanism to slowly release a blockage.

Cheyenne indicated to the Board that any assistance would be much appreciated.

Katie Peterson: Katie indicated that her basement was the most finished in the neighborhood, they are setting on \$25,000 in structural damage, which does not include any personal property. She has had to relocate the children in the basement to upstairs. They are now bunking up, we have a 16 year old sleeping with a 9 years old, boy and girl. She has two boys sleeping together in tiny bedrooms, which people do it if that is what they have, but we finished our basement to live in our basement and Utah Disaster Kleenup came in and ripped our stuff out. Our Kleenup bill is up to \$6,800 and counting. UDK refused to come out and do anything else until the insurance company will decide whether they were going to do anything. As we are sitting here waiting, sheet rock is soaking up stuff. The insulation is soaking up stuff, and her house is stinking, because they left stuff, they left the bathmat from the bathroom that was covered in sewage sitting in my bathtub. All the stuff is leaking all over the floor of the garage and cross contaminating which I know that I have a bone to pick with Utah Disaster, but the problem is while they are waiting for insurance, they can't come back out and tell me what to do, as a homeowner I don't know what to do with contaminated stuff. I don't know what can be cleaned, what can't be cleaned, finally I get an answer yesterday and I now have all this garbage sitting on my front lawn because I can't get anyone to get a dumpster to the homeowner's without them paying for it themselves. I would like help at least getting a dumpster out to the site to pick up the trash, my neighbors have it in their garage, but mine was so much that it's leaking all over the garage and I shouldn't have to smell that or have it leaking all over my house. Tons of stuff left in the basement that I can't get out, I have computer desks mattresses, pool table, hockey table, stuff that is sitting there stinking and continuing to contaminate. I would like some help, I don't understand that, our policy said that as soon as the city sewer is involved that my homeowner's would deny the claim, otherwise they would have paid the damage claim. Now I'm sitting here and will have to take out a second mortgage, I don't have that much money. This was not our fault, if it was on someone else's property Magna would be going after that person for it. I'm sorry that I am coming across mouthy it has been an emotional nightmare; I have lost a lot of stuff.

Board Meeting Minutes
January 10, 2013

Kelly Burtosh: Kelly indicated that he appreciated the Board for the time. He indicated that this situation did not affect him personally, but it did involve his children and his grandchildren. He indicated that they took their grandkids to get them out of the house because of the contamination. This is not a problem that the homeowner's should have to take care of, to have a hazardous waste clean-up, it was not their fault it was pushed on to them by raw sewage in their homes, still in the homes today because Utah Disaster Kleenup created a disaster in a disaster. Don't know if it's something that the District can help with because there is a disaster here, it's a local disaster, and lucky it's a small disaster. This could have affected hundreds of people, this is a small amount that we could take care of as a small community, I grew up in Magna it is my second home. Magna is still my home. This is Magna, unfortunately most of these people live on that side where it is considered West Valley, and no one wants to deal with it. West Valley will not touch it because it is a hazardous clean-up; they aren't going to pay expenses. Definitely not going to bring in Granger water this is that ugly fine line that you as a county have to deal with West Valley city versus county on 7200 W, the District knows that it has always been a problem because this side of the road is done this way and this side is done that way. Unfortunately one person that lives on 7200 W got affected, but every one of these here in this area it is Magna Water, they have raw sewage in their homes today, they are breathing it, it is not fair to these folks, it's definitely got to be cleaned-up, if you were to dump sewage on the road you can't pump it on the road, you create a hazard in itself, well this hazard has been dumped in these homes these people have had to clean it themselves most of them without the equipment or proper equipment to do it themselves, not even wearing disposable gloves or zip suits to keep themselves clean. This is not right and not fair; please address the homeowners as the Board and the water District to help these homeowners. Thank you.

Robert Goodick: Robert indicated a couple of concerns, once my neighbor notified me at 1:30 pm to tell me to look into my basement and I found the backup, saw that Utah Disaster was onsite and the message from the get go was, now very much concerning to me, that this would be taken care of by Magna Water, that was communicated from Utah Disaster representatives. The representatives from Magna Water handed us a two page flyer saying that sorry that this has happened it's unfortunate and here's your options, here's a list of some clean up people. The majority of the people used Utah Disaster Kleenup because they were on site, but that was the message. Days after that I spoke with Mike Duke he told us that they were sending the bills directly to Magna Water, two days later we received one line item bills, and I was flabbergasted because they were in my house for about 45 minutes for extracting the sewer and bagging a few things and I got a bill for \$3,800. My insurance adjuster came in and made a line item that it's going to be for that portion of it about \$1,800. I have homeowner's insurance, so I have this \$5,000 balance that my insurance is going to be paid for and then you're no fault insurance of \$5,000. Where is the money going to come from? Now we are all hesitant to do anything with our basements. We are investigating sump pumps and drain things, and stuff like that why would we ever invest any money into that? The cost of increasing your liability coverage or the backup coverage is \$130 per year for \$5,000 of coverage. I'm very concerned and frustrated with the lack of communication between Magna Water and Utah Disaster, for about 5 – 7 days we were told that we were covered and it seems that once Travelers, your insurance company,

Board Meeting Minutes
January 10, 2013

said that you guys are not at fault, the story changed, we are on the hook for the bill. Something needs to be done about that, that's a major issue that needs to be addressed, because for some of these homeowner's with no coverage they are going to get a \$5,000 check but they are looking at a \$6,800 bill and rising from Utah Disaster. Now we know that it was our choice to hire the remediating company, but I would seriously ask the board that if that is going to be how they conduct business to your shareholders, to your customers, get then off that list because that is not right. 100% not right what they are doing to us and they aren't moving forward to do anything else because you know what? Money. They are waiting on money before they will come in and remove sheet rock and toys and stuff like that. It's very sad and unfortunate what's happening and we are asking you as a board, you as a city, we pay our bills every month to make this right, that's all we are asking for, no one in this room is looking to capitalize on this were asking indemnify the situation make us whole, put our lives back to normal and we will go on. Thank you.

Mike Brinkerhoff: In effort not to repeat anything, I just wanted my voice to be heard, that also my home was affected and the money that is being offered obviously is not going to cover things; I just wanted my voice to be heard there also that I was affected and we are looking for additional help but anything you can do we would all appreciate it.

Marie VanCleave: I was one of the last people to get it cleaned, I am the one that did not have any damage before the back-flush and basically my clean-up is three quarters of the way done. Utah Disaster, when they came to my home I had to put a down payment before they would even start clean-up. They already have cashed that check, they did tell me it was going to be all paid for. I have a closet downstairs that has not been cleaned yet and my bathroom is the same way. They told me that there would be adjusters out to help her with getting what it was going to cost. They have not done that, the minute they got told they weren't getting paid, the fans came out of everyone's houses and I still, even the adjuster from the original insurance she came, she knew that day when she came to me she wasn't there 30 minutes she's asked me to go through and itemize everything and send it to them, for what because they aren't going to pay for it anyway. I'm supposed to send all this documentation to them, I have an impact fracture on my leg and I can't even go down my basement, I have to rely on people to come and help me, I don't have a husband to fix my basement, I have to rely on someone to come in and help me. My children and my grandchildren were there through this I sat for 5 hours on a very, very cold day with my doors wide open and my leg was hurting so bad from this. But it has to be done, and I still have all this crap in my garage there is stuff downstairs and I'm not getting any assistance they've just walked off and left me I need help. As these other people do too.

Ann Rushton: We did not get Utah Disaster, we got All-Pro. They told us that its always covered when you have sewage coming out, they said it is always covered so they have gone on many things and other places cover it, so we expect you to cover it too.

Leah Wright: We were told by Disaster Kleenup that if we had Granger Hunter water it would be covered no problem. They said West Valley picks it up every time. We live in West Valley and we didn't have the choice to have that water.

**Board Meeting Minutes
January 10, 2013**

Katie Peterson: I know on your note you have three companies for us to choose from but what I was going to say was, when the gush came and I'm standing in this sewage with my four children saving as many things as we can, you don't have time to call three different companies and ask who can come Utah Disaster said that they got a call already from Magna Water.

Brent indicated that the District did not contact Utah Disaster.

We are trying to get someone to set this up and they called me back at 1:00 pm and said that they had guys on their way 3:30 – 4:00 pm is when they arrived. There is this whole time thing as they are coming they are telling us we now have this many homes, now we have this many homes, they are telling us how many homes are affected and when there is this many homes affected that the city takes responsibility and helps you and so this is something that we have been told from the get go. If not, if we knew that we weren't getting anything, we would have done a lot more work and called all of our friends to come help, not that I would want them in that sewage, but we don't have family around here, I'm not from here, but I could have called other people to come help us if I knew that this is all coming out of my own pocket. Still I don't feel like it's fair that I should have to be paying this. Thank you.

Brent indicated that Magna Water has no affiliation with Utah Disaster Kleenup; we have not spoken to them one time about this issue.

Ann Rushton: They are on the sheets.

Robert Goodick: So no one has spoken from the Board or Magna Water has spoken to Mike Duke?

Brent indicated no.

Mick Sudbury indicated that it was the first time that he had heard of his name was right now.

Hank indicated that the insurance we use, gives that letter to us to provide to people in the District for instances like this. We don't recommend anybody on that list it's just provided by the insurance company and you can call anybody you want even those that aren't on the list.

Brent indicated that it states that they can call any remediation company in the letter provided by the District.

Cheyenne Densley: I'd like to make a suggestion then if that's the case, I've got family that works for water districts and if this seems to be the normal that all the other districts cover this sort of instance as opposed to Magna doesn't want to, or don't know how they are going to approach it, is there any way that Magna Water District can communicate this to these disaster clean ups so that we aren't being told that information when they show up, don't worry Magna's got it.

**Board Meeting Minutes
January 10, 2013**

Hank, there is some issues that has been brought up by you folks from Utah Disaster that the District is going to pursue in finding out why that is.

Cheyenne Densley: Shame on Utah Disaster they probably didn't know and they are probably used to that being policy, so I ask you guys as the board members that we vote on, if that's the case and that's not going to be the policy in Magna, then it needs to be communicated to these disaster companies because it's not fair to us when they come out and say don't worry got nothing to worry about Magna is taking care of it.

Daryl Wright: It should be communicated to everybody in the water District because we've all looked into what kind of valve can we get to shut this off if it comes back the other way you know there are options out there but they are expensive we don't know if this is a lightning strike that hit us and now it's over and won't happen again or if it's going to happen three days from now because there is some deficiency or...

Katie Peterson: Has this happened before?

Hank replied that he has been on the board for 6 – 7 years and this is the first one he's dealt with.

Kelly Burtoch: And bravo to you guys for that really.

Brent indicated that he has been here for 39 years and this is the about the third.

Cheyenne Densley: We've been given false information, don't worry you guys are going to be taken care of, if that's not the case that needs to change.

Marie VanCleave: I wouldn't have brought them in my home. I can't afford it.

Cheyenne Densley: I would have cleaned it up myself.

Ann Rushton: That's not right either; we don't have what they have to clean things up safely.

Daryl Wright: We don't know if we cleaned it properly either.

Leah Wright: The weather didn't help with everything freezing, are you sure nothing froze in those pipes because everything was freezing all around us and my mom is on a city council and she said that that's what happens to them when pipes freeze when the caps freeze it does that exact thing.

Hank indicated that the sewer lines are too deep to freeze. 10-15 feet deep right there.

We will look at all of your questions and get back with you shortly; it's not going to be a long drawn out process.

**Board Meeting Minutes
January 10, 2013**

Daryl Wright: How will you get back to us, in a meeting, with direct communication?

Hank indicated that it would be direct communication and meet with everyone as a group.

Doug Bezzant indicated that if the District had a meeting that the public notification process would have to take place first.

Daryl Wright: What resources do you have, what resources are out there for us?

Hank indicated that the Board would have to discuss the issue.

The homeowners were concerned about more time having to wait.

David Hartvigsen suggested that the Board set another board meeting, set another closed session, discuss the options and come out and then announce what the decision is.

The public wanted the Board to extend the meeting and discuss and try to make a decision today.

David explained that the District had to place every decision on an agenda.

Kelly Burtoch: The State requires you as a water District to have so many hours of notification when there is a disaster or leak. The District has a small community here, let's not make this a big deal and drag it out. Give these guys a 24 hour notice and let them know something. That is only fair to these guys. It shouldn't have to go any longer; this could be drug out with litigation. This is a small problem, let's fix it if you said that this is the first time it's happened or the third time in thirty years this is minor and we are grateful that it is minor, this is not fair to my grandkids, or any one of these people to be living in waste, I'm sorry, you wouldn't want to be sitting in one of those little huts everyday smelling that green, gooey stuff, cause that is what they are doing, they are living in waste and it's time.

Laura Jo McDermaid: Laura Jo inquired of the Board if there was anything that could be done remedially until the Board has a chance to discuss the large picture, but at least do something now to help with what is building up?

David Hartvigsen: The one specific item that we could do immediately could maybe get a dumpster arranged. What I don't know is what obligations since this is hazardous waste what we do with it, getting a dumpster there shouldn't be a difficulty.

Laura Jo McDermaid: I think that there are some things that should be immediately taken care of, because this is putting these people in a hazardous situation which could then eventually become a health problem.

**Board Meeting Minutes
January 10, 2013**

David Hartvigsen indicated that we could go back into closed and discuss some of this, but the District is going to have to research this, for example, the issue of whether the flooding was as a result of the plug being released, and then homes down from the plug that's a little different scenario. The District can look at two different aspects; is the District liable for this, you've all said that you aren't the cause of it, we agree that you are not the cause of it, is the District the cause of it? If the District is the cause of it there is one path that would be followed, if the District is not the cause of it, just like you aren't the cause of it, a different path would be followed. In that scenario the questions is does the District, as a public service, step up and provide assistance where it's not obligated to, this is really what the \$5,000 no fault is, does the District do more on its own beyond that, and then the District then have to spread that cost over all of the citizens of the community? That's a situation that is going to take some deliberation, to decide if that's the best thing to do and it's going to take a while to implement because the process for imposing additional fees is lengthy. That's the big picture approach, that's going to take a different set of response tactics. We need to deal with this, but is there any evidence right now that this is something that was caused by the District, just like you are saying.

Robert Goodick: Hasn't that been evaluated already through the insurance company?

David Hartvigsen: The basic law here in the State of Utah is that when a public sewer has a backup, if the public sewer provider has a reasonable plan to maintain their system and they have followed that plan then there is no liability on the public entity's part. That's the state law and that's been investigated, these lines have been cleaned and inspected just before this back-up occurred. Based on that inspection, if that is the level that we are looking at, the District has no liability.

Sharron Rushton: That system failed.

David Hartvigsen: Did it fail because of something that the District did or did it fail because of something that somebody else did? That's the question.

Sharron Rushton: As long as it stayed in your pipes and everything and didn't come into our houses, everything would have been fine. But the minute it left your lines and came into the homes, we didn't cause it.

David Hartvigsen: Did the District cause the blockage? We don't know?

Robert Goodick: How can the insurance say sorry no fault? If you don't even know what caused the blockage?

Kelly Burtoch: When you cleaned the line three weeks ago, every body's was fine, what's to say settlement was not taken out of the pipes, caused the blockage and created the problem, it's an argument that can go on and on. He said, she said kind of thing.

**Board Meeting Minutes
January 10, 2013**

Ann Rushton: My concern about the insurance investigation was, it was cleaned but how it was handled after they went out to clear that pipe? To me it seems like that part was not investigated. Because maybe you didn't know about it, because we were not spoken to about it, but now I'm thinking that more information has been brought up in this meeting about the way it was handled and wondering now if the insurance can take a second look at that?

Chris Rozelle: That is a very good question and has a very good point. I have been taking notes as the comments have been offered here, relative to those comments, not just for the liability issue but with UDK. We will continue to investigate, I have a copy of your email with some of your questions and Kris Smith, who is the adjuster, and he is doing some additional investigation to see whether that would change the position of the liability. If at any given point there is additional information on facts or elements of the claim that has not been considered are brought to our attention we are always willing to take a second, third, fourth, fifth, tenth, look if needed. Please continue to share your concerns with Kris Smith. There was also a comment about getting a written position from the insurance company as to why the decision was made and that information will be coming to you enclosed with payment of \$5,000 no fault, which to my understanding there's a question as to how does that impact the disposition of your claim. The only thing the \$5,000 does is a courtesy payment on behalf of Magna Water to attempt to assist you. None of us in here feel comfortable that it is going as far as we want it to have gone, that really has no bearing on our position on the liability it's just really a courtesy offer from Magna Water to try and help in some kind of capacity. Don't feel by receiving the payment, executing the check, that that changes your disposition on the claim at all. We will continue to follow up in relative to these issues relative to the blockage and attempts to clear it and the pressure in the pipes and how it affects the liability.

Daryl Wright: We will hear back from Kris?

Chris Rozelle: Yes you will hear back from Kris

Ann Rushton: Is there a timeline?

Chris Rozelle: Probably first of next week.

Dan Peay: Having just gone through a similar situation 6 months ago sewage in the basement sitting here listening to everyone, most of the problem is Utah Disaster, Magna Water as an entity that could put some pressure on Utah Disaster. Dan explained that the insurance company came into and took care of it after all the clean-up. After listening Utah Disaster was the problem why didn't they finish the job, the bill for the house I had was \$3,800 from the clean-up company they did a fantastic job. Maybe Magna Water can get with Utah Disaster and discuss the situation.

Katie Peterson: They stopped because anything above and beyond the \$5,000 no fault, they would be using our money. Their point was that they stopped because if we as homeowners can do anything, then it could be done by you.

**Board Meeting Minutes
January 10, 2013**

Chris Roselle: Kris has had a discussion with UDK; you can anticipate hearing from them regarding the bills.

Meet in closed session immediately to discuss possible litigation: Motion was made to meet immediately in closed session by Mick Sudbury. The motion was seconded by Doug Bezzant. Motion was approved as follows: Doug Bezzant, yea, Mick Sudbury, yea and Hank Johnson, yea at 5:14 p.m.

Chairman entertained a motion to close the closed session and reopen the public meeting at 6:02 p.m. Motion was made by Mick Sudbury, seconded by Doug Bezzant. Motion was approved as follows: Doug Bezzant, yea, Mickey Sudbury, yea and Hank Johnson, yea.

Discussion and possible motions on matters addressed in closed session:

Chairman indicated that the Board is ready to offer up to an additional \$5,000 no fault payment for mitigation and clean-up of the hazardous materials only, not covered by the initial \$5,000 payment or by any other insurance and will continue to discuss the other concerns. The intent here is to take care of the hazard as quickly as possible.

Hank inquired if there were any other comments?

Kelly Burtoch: What about the hazardous garbage that is still in the homes now.

Hank: This is for this.

Ann Rushton: Is the insurance company going to continue to look into this?

Hank indicated that yes they would. This will give you additional funding to help clean up.

Kelly Burtoch: Since Utah Disaster has already started this is the District going to address Utah Disaster Kleenup.

Doug indicated that we would. The homeowners have the choice to decide whether they want Utah Disaster to finish the clean up or to finish the clean-up how they seem fit.

Brooke Densley: What about the homeowners that have already done labor to clean up their homes.

Hank indicated that the Board would take that into consideration.

Ann Rushton: Is the insurance company going to be reviewing new information? Or is this is all we are going to get?

**Board Meeting Minutes
January 10, 2013**

Chris Rozelle: From the insurance company as it currently stands, the \$5,000 no fault payment is the extent of our payment, to the extent that there has been additional facts for us to consider by virtue of liability, we will consider that and if that changes our position then we would talk about additional compensation above the \$5,000. From my understanding of what's been shared, about some of the additional allegations against Magna Water very rapidly we can take that into consideration, it's really just a matter of Kris Smith taking those allegations into consideration against the engineer from Magna and finding whether or not that would change the exposure for Magna and then updating the position if warranted.

Kelly Burtoch: Their furnace needs to be repaired or other homeowners; there is a lot of expense I don't know what information they need.

Brent indicated to show the insurance company any video, pictures they have.

Kelly Burtoch said thanks, along with the others. Everyone wants to work together.

A motion was made by Doug Bezzant, seconded by Mick Sudbury, to offer up to an additional \$5,000 no fault payment for mitigation and clean up of the hazardous materials only, not covered by the initial \$5,000 payment or by other insurances and the Board will continue to discuss the other concerns. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea and Mick Sudbury, yea.

Motion to approve District assisting the Chamber of Commerce handing out Christmas Candy: A motion was made by Mick Sudbury, seconded by Doug Bezzant, to approve District staff to help hand out Christmas Candy to the Elementary Schools. The motion was approved as follows: Doug Bezzant, yea, Hank Johnson, yea and Mick Sudbury, yea.

Motion to approve worker's compensation coverage with Workers Compensation Fund of Utah for 2013: A motion was made by Doug Bezzant, seconded by Mick Sudbury, to approve the worker's compensation coverage with Workers Compensation Fund of Utah for 2013 for \$21,753.26. The motion was approved as follows: Hank Johnson, yea, Mick Sudbury, yea and Doug Bezzant, yea.

Motions to approve continuation of using a lobbyist for the water re-use project funding: Doug Bezzant made a motion, seconded by Mick Sudbury, to continue using a lobbyist, Robert Weidner for the water re-use project funding in the amount of \$15,000 per quarter. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea and Mick Sudbury, yea.

Motion to approve scada system upgrade with Remote Control Systems for \$70,000 budgeted in 2013: Brent indicated to the Board that this is the upgrade on the scada system that was approved in the budget, Brent would like to get this ordered right now it will take a couple of months to get the parts in and to get it done before the pumping season starts this year. Doug Bezzant made a motion, seconded by Mick Sudbury to approve the scada system upgrade in the amount of \$70,000 with Remote Control Systems. The motion was approved as follows: Hank

**Board Meeting Minutes
January 10, 2013**

Johnson, yea Doug Bezzant, yea and Mick Sudbury, yea.

Discussion on Utah-Idaho Teamster security fund increase in the amount of \$78.50; \$76.15 for employer and \$2.35 for employee per month: LeIsle indicated that because claims have increased and the reform act and in order to operate in the black the insurance company is requesting the increase. Doug Bezzant made a motion, seconded by Mick Sudbury, to approve the increase of the insurance in the amount of \$78.50; \$76.15 paid by employer and \$2.35 paid by the employees. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea, and Mick Sudbury, yea.

Water Distribution/Production:

1. **Water production report:** Kim Bailey indicated to the Board that water production was down 8% for December and up 19% year to date. Average 2.4 MGD in December.
2. **Call out report:** Kim informed the Board that there were 10 call outs for frozen water, 1 leaking fire hydrant, 4 main line breaks, 2 leak checks which were customer sides, 2 callouts for snow removal and office sidewalks, 1 high chlorine alarm at the EDR plant and had to adjust the chlorine level, a sewer back up the mains were clear, and the sewer backup on 7200 W.
3. **Update on Haynes well #4 replacement project:** The contractor has just finished up 72 hours of the surging process and is now going to move into the pump testing. The contractor should be out of there by the end of next week. They have surveyed for the pump house.

WWTP Operation/Collection System:

Steve indicated that the collections crew were doing their blue stakes, popping and checking manholes and running the vac truck weather permitting or needed. Wastewater crew is doing their routine jobs and maintenance. Winter cold conditions bring out a whole different type of operating procedures for both crews.

1. **Call out report:** Steve indicated that there were no call outs at the wastewater. Kim reported the call outs for the collections crew.
2. **Update on Administration Building:** They are having their third meeting coming up. Everything is going well. The planning and zoning meeting with the Chamber of Commerce should go pretty smooth. The bidder qualification advertisement is going into the paper Saturday and Sunday. Staff is hoping to approve the bid in March.

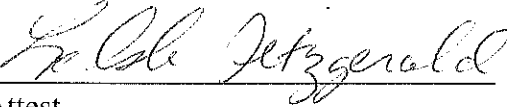
Other Business:

**Board Meeting Minutes
January 10, 2013**

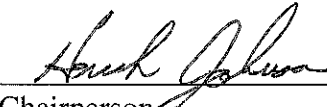
LeIsle indicated to the Board that the Salt Lake County elections has emailed the clerks for a meeting coming up for the November election and wanted to know if the Board was still interested in contracting with the County for the election. Board agreed to contract with Salt Lake County for the elections.

Rural Water Conference, February 25 – March 1, 2013, St. George, Ut: Brent indicated to the Board that he would like to send Tony Peterson, John Davis, Brent Williams and any other trustees that wish to attend. A motion was made by Doug Bezzant, seconded by Mick Sudbury; the board approved those individuals to attend the conference. The motion was approved as follows: Hank Johnson, yea, Doug Bezzant, yea and Mick Sudbury, yea.

Adjourn: Motion was made by Doug Bezzant, seconded by Mick Sudbury, to adjourn the meeting at 6:30 p.m. Motion was approved as follows: Hank Johnson, yea, Mick Sudbury, yea and Doug Bezzant, yea.



Attest



Chairperson