

**Board Meeting Minutes
March 14, 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, March 14, 2013, at 3:00 p.m. at the District's offices at 2711 South 8600 West, Magna, Utah.

Trustees Present:

Hank Johnson, Chairman
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
Additional Attendees, please see attached

Call to Order:

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

Welcome the Public and Guests.

We are very pleased to see so many of you here today and that you are taking the time to become informed and to participate in the local government process.

We encourage you to watch for notices of future public Board Meetings, such as this one, and of public hearings on important topics such as rates, taxes, and annual budgets.

We anticipate holding one such public hearing in early summer on the topic of the creation of a risk pool to address no-fault flooding incidents like the recent one, and on a fee to fund that risk pool.

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We also appreciate the support for this risk pool idea that has been expressed through the recent online petition. We have been actively pursuing that idea and are pleased to see such broad support for it already.

We usually take public comment near the beginning of the meeting, but in order to expedite things, we are going to act first on the routine, common consent items, and on two items related to the recent flooding event because we have already taken extensive public comment on that event, and because we expect that our actions on the flooding event will alleviate the need for additional comments.

We will then take public comment on other issues and proceed with the other items on the agenda.

I'm now ready for a motion on the minutes of the February 14th Board Meeting.

Approval of Consent Items:

Minutes of Board meetings held February 14, 2013: A motion was made by Mick Sudbury, seconded by Hank Johnson to approve the regular board meeting minutes dated February 14, 2013. The motion was approved as follows: Hank Johnson, yea, and Mick Sudbury, yea.

Expenses for February 9, 2013 to March 8, 2013: A motion was made by Mick Sudbury, seconded by Hank Johnson, to approve the expenses in the amount of \$282,303.98. The motion was approved as follows: Hank Johnson, yea, and Mick Sudbury, yea.

Bond Payment to Zion's Bank: A motion was made by Mick Sudbury, seconded by Hank Johnson, to approve the bond payment to Zion's Bank in the amount of \$89,576.94. The motion was approved as follows: Hank Johnson, yea, and Mick Sudbury, yea.

Discussion and possible motion of paying additional funds on sewer backup damage claims:

Mr. Chairman,

We've investigated the flooding event that occurred on New Year's Eve.

We've take public comments at two different Board Meetings and we've meet informally with the affected homeowners.

Our insurer has also worked on this matter with us and has reviewed the claims of the homeowners.

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And while there has been no evidence of what cause the blockage in the sewer main, I'm ready to make a motion to have the District pay up to a total of \$150,000 for all of the remaining claims that we've received to the extent that they are approved by a claims adjuster, and upon receiving an approved release from each homeowner.

I understand that \$150,000 is sufficient to cover all of the claims we've received, so that's my motion.

Hank Johnson seconded the motion. The motion is to have the District pay up to a total of \$150,000 for all of the remaining claims that we've received to the extent that they are approved by a claims adjuster, and upon receiving an approved release from each homeowner.

All in favor ...The motion was approved as follows: Hank Johnson, yea, and Mick Sudbury, yea.

Motion to allow staff to proceed with planning, organizing and designing a risk pool for no fault damage claims: Mick Sudbury made the motion to allow staff to proceed. The motion was seconded by Hank Johnson; the motion was approved as follows: Hank Johnson, yea, and Mick Sudbury, yea.

Okay, we are now to our Public Comment item on the agenda.

As we take public comments, please remember that we have other matters of business to address, so please keep your comments short and please don't repeat what others have said.

With that in mind, how many of you that has submitted the comment form would still like to make comments?

It looks like we have quite a few so I'm going to limit each comment to two minutes.

Public Comments:

Spencer Twitchell: I put on my slip insurance, sounds like you making some effort to do that, but I have a different question, what are you doing in preventative measures so this doesn't happen again and do you have suggestions to homeowners that we can do and work as a team so that this doesn't happen again?

Brent indicated that the District was starting to investigate a risk pool to take care of these things in the future.

Spencer: So as of yet you haven't come up with it but it is your plan.

Brent: We are going through a rate study even before this happened and this is going to be part

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of that. So I suspect we'll have something probably in May or June and we will have public comment on that at that time.

Bob McCauley: Can you explain what you just said there? Rate review...

Don: Yes we are going through a rate study right now it's an impact fee study and a rate study combination of the two, we are reviewing the water, sewer, and secondary impact fees for the District and then we are reviewing the water, sewer and secondary rates so we are coming back with a study that will evaluate whether those are adequate or if they need to be raised.

Brent: Part of that we are going to come up with a fee base thing to put on everyone's bill for this, that's just one way we are looking into it.

Bob: Are you doing anything to look at the pipe and why it flooded?

Brent: That we are already doing, we do that on a normal basis anyway.

Bob: But it's still plugged?

Hank: It's not plugged.

Bob: It did plug though.

Brent: It did plug and we relieved it but we do that anyway that is our normal maintenance.

Bob: But have we done anything to change that? Have we done anything to improve it so that it doesn't ever plug again?

Brent: We can't guarantee that that won't plug again there is no way...

Bob: How long has the line been there?

Brent: 1962

Bob: And all of the homes south of there had been added there since 1962.

Brent: We are aware of that.

Bob: Yes have we done anything to expand the size of the pipe, if you have a big enough pipe, it can't plug.

Hank: It can be plugged anywhere,

Bob: A t-shirt?

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Hank: We don't if in fact that's what it was, we know it was something that clogged it.

Bob: How big is the pipe?

Brent: 10"

Bob: It's handling all the sewage from 7200 W.

Brent: Don Do you want to comment on that?

Don: We can tell you that we are in the process of this modeling and we have modeled that pipe and we can tell you that the average daily flow of that pipe that pipe runs about half full and that matches the video that they have done, that some of you folks have seen you would see the stain lines and marks on the video that shows our computer model matching the flow that they are seeing in the model, so that pipe is running approximately half full based upon the average daily flow.

Bob: That half full pipe plugged.

Don: Correct

Dan Stewart: I know when I worked there kids would stick rebar, down the holes in the manholes and it would go down in there and block them, and how do you stop kids from putting sticks, rebar and things down those little holes down there and you can prevent a plug like that cause there things that get in there. I've seen 2 x4's in those things.

Hank: We do preventative maintenance of the whole District

Dick Bezzant: You don't have a schedule for it.

Hank: We don't need a schedule for it, we start on one side of the town and go to the other .

Dick Bezzant: We asked that question and you said no.

Hank: You are out of line Dick.

Spencer: So with this study that you are going to be doing you will have a better way of telling us how to prevent it and what we can do as homeowners, in June did you say?

Hank: May or June when the study is done.

Kelly Bertoch: I know for a fact it is a criminal law if anybody is caught putting anything in those lines, the problem is that most people don't understand that. I can guarantee you that if it

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was advertised, put out, people would be more aware of this, it is a criminal law, the problem, it's the pipe is the District's responsibility we just all need to watch and catch people doing stuff. I don't think half the people realize that. I know mattresses get in them things so.....

Hank: I know some other things but that is beyond that.

Leah Wright: We as neighbors can watch that.

Daryl Wright: I just have a question on the \$150,000 dollars that was listed in there; I guess that will be discussed with us individually as to how that break out, is that how it's going to work. Then down the road, if there is negligent shown somewhere else, then is that revisited? What are we signing away on this?

David Hartvigsen: This is on the basis of settling the whole matter so we are aware of no evidence right now of negligence so again as we have said all along it's a no fault situation and the District is stepping up going above and beyond the call of duty so we will be expecting a release of any claims, if you think that there is liability and you want develop that case and proceed you are free to do that.

Daryl: Ok but we couldn't proceed after receiving this and after signing this agreement even if there was negligence proven later by whomever an insurance company or whoever then we wouldn't be able to revisit it?

David: Right, you have to make a choice there.

Daryl: OK I think that is all I have I appreciate you doing this for us.

Jackie Muto: My questions is if for future cases along with the first question, you said you are doing a rate review and that will be conducted and concluded approximately in May? How long after that is it going to take you to set up a plan for anything which would happen in the future as to what has happened?

Brent: We will have rate hearings on it and it's just a matter of a waiting period, Don is there a waiting period on that?

Don: There is a waiting period for the impact fee to be adopted but not a waiting period for the rate increase.

David: I believe that there is now, I believe that is new legislation that's either a 30 or 60 day waiting period on fee increases too.

Don: That will be in the plan telling you what you can do with that. Basically what he is saying is once they adopt what they are planning they will start to accrue a fund so that monies will be available. This item here of course is not a budgeted item, so where it will become much easier

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in the future to pay for such of an expense if it occurs if they have a fund that is available to pay for it.

Jackie: As customers of Magna Water we could expect to have this in place and fully functioning by the end of the year?

Brent: I would think so yes.

Jackie: Ok that is all my questions.

Bob McCauley: I'm hearing correctly his question was what we are doing so it doesn't happen again. You talked a little bit about that, but your answer is that you are looking at a rate increase from the study. That doesn't answer the question what are we doing so that the incident doesn't happen again? You are figuring it out how to pay it when it does.

Hank: We do a preventive maintenance every day.

Bob: You say you've been doing it all along and it plugged?

Hank: It plugged.

Mick: Like for example you could go out there and open the lid and put down one of those sled pads that they use up at the high school.

Bob: Is that what they are doing is lifting the lid?

Hank: We don't know. We can't control what they put down the sewer.

Mick: We can't control what they do, I have talked to other Districts and I've done this study and I have talked to other Districts and one of the Districts that is right by us has actually had one of those sled pads off what they use for football down in there, fortunately the back age went into a field where there was no homes or they would be in the same situation as we are here today. So really....

Bob: Is there no way to secure the lids?

Mick: You can't weld them down and....

Brent: They have to have holes in them that vent the gases and give it air to work, so that is just a perfect place for kids to put sticks down there and last week we pulled a car antenna out.

Bob: How big are the holes?

Brent: Probably 1/2" in diameter.

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Bob: Not pluggable material.

Brent: What do you mean not pluggable material?

Bob: If you are checking it monthly it's not going to accumulate.

Hank: We don't check monthly, we just start on one side of town and work our way through the other side of town then start over again. If we have issues someplace then we would probably do a little more.

Bob: I don't mean to sound really supper critical but I see you all around the edges to try and solve this one incident without any long term solution to see that it does not happen again, now there is lots of reasons why we can't do that, I understand that, but there's got to be some solution if it comes even to a bigger pipe.

Hank: Correct, future growth, more growth over there could cause a bigger pipe to be put in. We can do that.

Bob: That pipe was put in 1962 and it was all vacant fields then, that pipe is outdated. I recognize that the capital expense to address that, but that may be what you end up having to do, 10''s plug.

Don: The computer model shows that the pipe will handle that flow, it's been videoed, and the pipe is in good shape there is no engineering reason why that pipe has got a problem due to the age of the pipe it is fine.

Bob: And there are a dozen unhappy homeowners here.

Don: I agree with you on that and I can tell you that a 30'' pipe will plug if it gets the wrong things in it so the District's biggest pipe is 30'' and if it got the wrong stuff in there it would plug and so the bottom line is that if the truth be known the easier pipe to plug is your 8'' which everywhere in the District, the smaller the pipe, it is easier, I would agree, but the District does the standard in the industry of going through inspecting and cleaning and videoing they have state of the art equipment to do it and they go through and they clean it, anytime they have any questions with areas they video it and they look at it, the District has fixed areas when we find areas. We do we look for filtration if we can do any sort of repairs for leaks or problems, sticks, the District does a very good job, I feel, of maintaining and servicing with their crew they work long hours at it and what is unique about this particular incident is that they videoed and inspected that line about 3 weeks before it plugged. You would have to have a mountain of force of people in the District here to be able to inspect every pipe every month. They do industry standard in cleaning and maintaining the lines. It is absolutely unfortunate here that something happened afterwards, it is unfortunate and sometimes things get thrown in and it's detrimental all the way down to the treatment plant, on the screens and everything down there it's a constant

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fight that every sewer district has throughout the state. It's a reality, it's a problem.

Daryl: If they had video, we requested the video all the previous videos on that line and there weren't any so it wasn't done in the last five years there wasn't any video for it.

Don: They video it when they notice or sense that there is problems.

Daryl: You said it was videoed 3 weeks before.

Don: It was just inspected, I stand corrected, and it was inspected. They would have cleaned it three weeks before, but they video things when they sense there is a problem so the staff can look at it and if they have questions, they involve us as the engineer to review them to determine whether something has to be repaired or fixed then we put things in the study of what pipes need to be funded for to plan. I'm just pleased that the model says that it would be flowing ½ full and the video shows that's what it's doing. It gives me reassurance that our model is correct in saying what it will do.

Bob: And if it's not, you are providing a fund so that you can compensate when it goes over?

Don: Well the problem I would have there, sir, is that it would cost so many millions to increase every pipe throughout the whole District...

Bob: I didn't say that, this is...

Don: It is.... I agree with your sense and your concern and I agree and I don't have a solution other than to say I feel from the District's that I deal with I'm impressed with the District's maintenance and procedures that they do, I think they do an excellent job compared to many other cities and things don't have the same equipment and they get through the system every year and they have done a great job of servicing and maintaining the lines.

Mick: Just so you guys do know when every time they clean out the lines they necessarily don't have to put the camera down there. They will camera the line if we have a problem or if they feel that there is a problem. Just to clean line every day we don't have to use the camera everyday unless we feel like there is a problem.

Bob: That being a potential area on the flat, nearly level, might be a good idea to step that up. I'm through.

Cheyenne Densley: No questions, just comment, to the Magna Community, thank you for your support and concern, and to the Board thank you for actively pursuing an option for a no-fault coverage and thank you again for stepping up when the insurance companies wouldn't.

Hank: Thanks for your comment.

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Katie Peterson: My comment is the same as his, thank you to everyone who signed the petition and tried to help us especially from the beginning Mick Sudbury has been there communicating with us and trying to help us get a result that we would all be happy with. I just want to say thank you, and thank you for coming through and helping us get whole again.

Sharon & Ann Rushton: We just wanted to say in general thank you, thank you to Mick and thank you to the community for helping us get their attention.

Kelly Burtoch: I would like to thank the board also, all of you for stepping up and doing the right thing; my comment is you know if there is a flow meter that we could put in some of these troubled areas its wireless and you know how it all works, strategically put some around the system. The cost of that would be minimum, compared to all of this that is happening. Possibly do a risk management assessment of what's going on in the city, involve the community or the people, again it's up to every one of you guys to step up, thank you for being part of it and stepping into your community, it's your community, it's going to take everybody to make changes and this is just a hard way to learn. We do need people involved. We need our communities involved. Magna isn't the little small town it used to be, it's growing up it's going to get bigger, the community has got to go west, so eventually you will have to look at changes, unfortunately it's too bad before they put that road in seems like we always have to dig up a road in after it's been repaired to change something. Thank you for stepping up and doing the right thing. I'm proud of my kid for stepping up and taking action and the community for doing so. Like I said last time my family is growing its gets bigger each day, thanks again appreciate you.

Brooke Densley: I just wanted to say thanks to the community as well and thanks to you guys and we appreciate it.

Dan Peay: None.

Dan Stewart: None

Dick Bezzant: I'm very thankful. I was here last month and said my peace, and then I walked out with the kids, I call them my kids, those people have had problems, but I also, we dug up some records, and looked at the work orders, and there was only two work orders, there was no preventative maintenance programs, you told me that, you told me that you had another program but you never submitted to the group what maintenance program you had, you never showed us anything on that, you said well it's somewhere but you have nothing. Your work orders are way out, I mean, all I can tell the Trustees is that they ought to take a good look at the management and what's happened here. I mean there is a real, real serious problem going on, and as I check the work orders they don't agree with what the statements have been given, especially on December the 5th, and on the day of the problem. I don't know whether you reviewed them work orders, I don't whether you have yet as trustees, I don't think you have because you would see the problems. I'm very glad that you settled with the kids though, I think that is one good thing. On this money, they are talking about, rate fees, you ought to know one thing that Magna Water, we pay the highest taxes in Utah, probably the United States for our Magna Water we also pay

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the higher water and sewer rates as anyone else, you want to take a good look at all these items now, I hope that the public is going to have an input when you people come together to raise our water rates and that I hope we have a chance to come in and say our piece. I hope you just don't give us a big rate increase and add another couple more conventions on the list.

Hank: I'd like to make a comment on that Dick... Today I just signed some paperwork refinancing our bonds, no farther than what they already went, and saved the District \$230,000 today on just interest rates. So the rates that you pay on your taxes are the rates that everybody voted on back in 2004.

Dick: Before you raise our rates will we have a chance to come in?

Hank: You bet, we'll ask everyone to come in too.

Mick: We've done that ever since I've been here; we always have a rate hearing and have the opportunity for people come in for input.

Dick: Instead of having a paper like this [referring to the meeting agenda] why can't we have the minutes that you guys get of the last meeting? I don't know what you write down and what you don't.

Mick: They are on the website that you can pull off.

Dick: An 86 year old guy running a computer.....

Chairman ended the public comment period and excused those that chose to leave.

Motion to approve the Wastewater Treatment Plant Building bid: Brent informed the Board that the bid opening for the building was last week. We had 12 bidders and the low bid came in from Brubaker Construction Inc. at \$756,100. Staff and engineering recommends the Board to award the bid to Brubaker Construction. A motion was made by Mick Sudbury, seconded by Hank Johnson, to award the bid to Brubaker Construction for the bids A, B, C and D in the amount of \$756,100.00 The motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Discussion and possible motion on request from ATK for a variance from rule 9.8 in the District's Rules and Regulations: A motion was made by Mick Sudbury to grant the waiver to ATK from rule 9.8 in the District's Rules and Regulations for the locations that ATK is hooking up water for residents due to contaminated wells. The motion was seconded by Hank Johnson and approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Water Distribution/Production:

1. **Water production report:** Kim Bailey indicated to the Board that water

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production was up 2% for February and down 6% year to date. Average 2.6 MGD in February.

2. **Call out report:** Kim informed the Board that there were 5 leak checks, 2 were in meter boxes, we had one mainline break, 2 of the leaks were on the customer side. One call out for blue stakes for Quester Gas, and no call outs at the EDR plant.
3. **Update on Haynes well #4 replacement project:** The new pump house passed at the West Valley Commission planning and zoning yesterday and we will start the bid process next month and anticipate awarding the bid in May board meeting.

WWTP Operation/Collection System:

1. **Operations Report:** Steve indicated to the Board that the WWTP is finally out of the deep freeze, the oxidation ditch hates cold weather and the bugs just don't want to cooperate, they are real slow, it's been a tough winter. With this warmer weather things are looking great, we are back on stride with the ditch and the wastewater is looking real good. They are doing spring cleaning and maintenance. The collections crew is performing their daily blue stakes, and cleaning the sewer lines in a section of town in the District with the jet truck, everything is going well.
2. **Call out report:** Steve indicated that there was no call outs at the WWTP, the call outs that Kim mentioned covered some of the people on the collections crew.

Other Business:

Brent indicated that the refinancing of the bonds was successful and complete. The District ended up refinancing both bonds saving approximately \$230,000 due to a drop of interest rate.

Dan Peay inquired on how the Board came up with the \$150,000 to settle with the affected homeowners of the sewer backup.

Hank indicated that the claims were submitted and reviewed by the insurance companies.

Dan: If that is divided up then they will all be happy?

Mick: They will be in full.

Dan: Does that include the \$10,000?

Brent: That is all factored in.

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Dan: So the fund that we are talking about, as I see it, the first thing it would do would pay back this occurrence, make the District whole first?

Hank: This has been a guideline for Staff and the Board on setting up a fund to cover these no-fault occurrences.

Dan: I think that it would be easier for the public to take something like adding \$2 to your bill and pay back the district they spent, the \$150,000, and then let this fund build up until it gets to a maximum, and then take the \$2.00 off, the people at that point will realize that this isn't going to be a fund that is just mushrooming into everything, then if you have someone draw out of it, under the same type of situation and say it's just a small amount the interest may build it back up, but if it's a major draw on it, then maybe the \$2.00 will come back in again for 6 months to a year or whatever it takes to bring it back up, I think that the people, and I'm relating this back to the union when I was a union officer, we had what they called a \$2.00 strike and defense fund that was added each month and if you just let it go forever, it becomes this huge fund and at some point someone says let's move it over here to the general fund.

Mick: This money here is going to come out of one of our projects that we were planning on doing this year, this....

Laura Jo: You still have to repay...

Hank: It's just a budget process, we had money budgeted for a project and we will table that till later on or next year. Then we will have this fund going, and then we can revisit the funds for the planned project. We are just hoping that these people come help sell it to everybody else.

Cheyenne: I agree it's not fair the District should not have to pull money from other budget items, as far as I'm concerned from day one, it should have been the insurance taking care of it.

Dan: That's something that you may want to look at.

Hank: Everyone in the government entities is in this group, this insurance company, and we do it because of the rate, if you go someplace else the rate is going to be tenfold.

Cheyenne: I am frustrated with my own homeowner's insurance company, as I am with Magna Water's.

Dan: Chip said that they had something; I think Laura Jo added to hers.

Mick: I added it to mine.

Laura Jo: It's a separate policy.

Mick: It's an umbrella policy that actually covers any backups...

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Laura Jo: It's anything that happens in the street that comes back into your home. I think it cost me another \$25 per year more.

Mick: For \$30,000?

Laura Jo: No \$25,000

Hank: Looking at some of these losses you may want to that.

Laura Jo: But it's more than having nothing.

Hank: This is my first one in eight years here; yea it's a learning experience to all of us.

Laura Jo: I think too that people think that their homeowners are going to cover it; they have to understand it's only from their property line it's not what happens beyond that.

Hank: I'm sure that these people here have said their side and there have been a lot of people that have had that added or looked into it.

Dan: First thing they need to do is get rid of Utah Disaster.

Hank: We are working with some different options on that also.

Dan: I agree that these people went through a terrible situation and they should be made whole, just trying to figure out a way to do it. The bottom line that we as rate payers are going to pay for it, it's just a matter of paying for it today or next year.

Mick: Everything just takes time to get put into place and figure out what we are going to do cause like we said this is our first time they are the guinea pigs.

Hank: It would be nice if we could facilitate a quicker process, but now that we have been down this road, we can get this fund and it will be an easier process to go through if it happens again.

Dan: I know the gentleman that was sitting here, of what I got, he wanted you to say, yea we are going to go down and put a bigger pipe in. You can have a 4' pipe down there, if enough stuff gets thrown down there it's going to plug.

Tom Bird: Haven't you got some kind of contingency fund that you have been working on any way as a budgeted line item that you have x amount of dollars in a contingency?

Brent: We have reserves.

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Tom: Why are we going to have to pay back that money that we already have in reserves in a contingency fund, why are we going to have to pay it back on our bill, what you have already taken and put in a reserve, and emergency, contingency fund? Help me understand that.

Brent: I don't think that was the intent, to pay this one back, it was to start for the future.

Tom: I picked that up.

Hank: I think that was a comment.

Brent: That was a comment. I don't think that is the direction we are going in.

Dan: That was me that said that.

David: That is not determined yet.

Tom: So we do have a reserve and that's a line item and so what you are saying is that it would be a continuation of that?

Brent: What will happen is that we have all these projects scheduled we'll just drop off one of the projects.

Tom: But a reserve is not for a specific project. It's for when an emergency comes.

Brent: We could get it out of reserves and still do the project that's an option.

Tom: You have project money and you have reserves and the reserves are for emergency and things like this.

Brent: They are, that might be what we do too.

Tom: I would like for the Board to look at that because I don't know how much you have or what your line item says, you should have some policy in the policy plan that you have x amount of money in reserves for emergencies, so you don't have to take it from projects.

Brent: Which we do.

LeIsle: We do have reserves and a lot of them have already been assigned to certain projects, certain contingencies, they have all been assigned for a specific situation, bonds require reserves and we can't just spend all of those reserves on repairs and maintenance we have to keep them to back the bonds, but I think, you know this one would be a new reserve.

Tom: You wouldn't have a bond on something like this.

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David: No

David: The big bonds, some of which were refinanced today, part of your bond covenants are that you build up and maintain a reserve that gives the bond holders the assurance that you will be able to meet emergencies and still keep making your bond payments, it's not bonding the project, these are the funding bonds.

Tom: On a positive note Mr. Chairman, I would like to compliment the boys, I live up here and we had the same water line break two weeks in a row in the dead of winter and your group was out there, sad but true, it was always an evening, the way they expedited that job was absolutely perfect, I couldn't have asked for any better response and I would like to make a note of that that we really appreciated the way they came in and handled it, we were only out of water for a short time, and they had it taken care of.

Hank: Thank you for your comment.

Daryl: Have you looked into how other water District's, how do they manage this, is this something that they have put \$.25 for 20 years and now the fund just goes, what's the norm and standard out there from your investigations.

Brent: I don't know that there is a norm.

Mick: There are bunch of them that are in the same situation that we are in now. The ones that do have a fund there isn't a way of setting a standard of the way they do it?

David: Each one has dreamed up their own way of handling it.

Dan: I know that Don talked about the pipe being half full, as a layman; do you go out and say that the pipe was half full, was the half full at 1:00 pm in the afternoon or is it half full at 6:00 pm at night or what?

Don: The half full is the term we use for the average day flow in a 24 hour period. We look at every pipe using the model.

David Hartvigsen reviewed some of the legislative updates from this year's session. Today was the last day of the session; he has been tracking about 100 bills, everything from elections law to GRAMA requests, open meetings, labor negotiations, and water rights. The big topic this year was the water rights and the procurement code we talked a little bit previously about the procurement code, that passed today, the big water rights bill that has been the most controversial, it was amended and passed the house before I left and was on the consent calendar at the Senate when I left but they have a few more hours, that may happen and that one will affect every change application that the District does, part of it includes provisions to protect shareholders and the District a shareholder in several water companies, that process is being clarified and been refine to give shareholders more protection but at the same time the state

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engineer is getting the power back to look at non-use in limited circumstances, I will have a much more detailed report next month but one of the key things that we will have to look at next month is procurement, the rewrite from last year takes effect May 1st, 2013 and we did get the bill through to clean that up, it was delayed a year so that we would have a chance to clean it up its cleaned up now and takes effect May 1st 2013 and we'll need to follow that until we amend our rules and regulations to be consistent with the state law and get some of the additional protections that the new rewritten act provides.

Adjourn: Motion was made by Mick Sudbury, seconded by Hank Johnson, to adjourn the meeting at 4:12 p.m. Motion was approved as follows: Hank Johnson, yea and Mick Sudbury, yea.

Attest



Chairperson