

**BOARD OF DIRECTORS
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
PIMA COUNTY, ARIZONA**

October 10, 2007

**** Board Room **
Metropolitan Domestic Water Improvement District
6265 N. La Cañada Drive
Tucson, AZ 85704**

MINUTES

Board Members Present: Judy Scrivener, Chair
 Dan M. Offret, Vice Chair
 Jim Doyle, Member
 Lauretta Ovsevit, Member
 James Tripp, Member

District Staff: Christopher Hill, Deputy Manager
 Andrea Gonzalez, Legal Counsel
 Warren Tenney, Clerk of the Board
 Alice Stults, Recorder

Executive Session

I. Call to Order and Roll Call

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:00 p.m. Judy Scrivener, Dan M. Offret, Lauretta Ovsevit, and James Tripp were present. Jim Doyle arrived at 5:12 p.m.

Mr. Offret made a motion to adjourn into executive session. Mr. Tripp seconded the motion. Motion passed unanimously.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(3) (consultation for legal advice with District Legal Counsel), A.R.S. § 38-431.03 (A)(4) (consultation with legal counsel regarding contracts that are in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation) regarding the following:

A. Condemnation Action of Property for Metro-Hub Well No. 7.

II. Adjournment

The executive session adjourned at 5:20 p.m.

Regular Session

I. Call to Order and Roll Call

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:00 p.m. Judy Scrivener, Dan M. Offret, Jim Doyle, Laretta Ovseviz, and James Tripp were present.

II. General Comments from the Public

There were no comments from the general public.

III. Consent Agenda

- A. Approval of Minutes – September 10, 2007 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bill of Sale – Foothills Mall, Revision #22.**
- D. Ratification of Bill of Sale – Riverside Crossing West Side.**
- E. Ratification of Bill of Sale – Sonoran Science Academy.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Ovseviz seconded the motion.

Mr. Offret inquired as to the fire hydrant lock program. Steve Shepard, Utility Superintendent, said 100 fire hydrant locks were purchased and installed during the 2006/2007 fiscal year. Locks have not been purchased yet this fiscal year; however, they will be purchased and installed during 2007/2008.

Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Christopher Hill, Deputy Manager, said the amount of water pumpage for September 2007 was close to the same amount pumped during September 2006.

Mr. Hill said the Paseo del Norte project is moving along well. The Northeast Booster Station and Northeast Reservoir should be ready for start up within the next week.

Mr. Offret asked about the Riverside Well, and how many gallons per minute it was capable of pumping. Mike Block, District Hydrologist, said the well will be set at 1,000 gallons per minute. Mr. Hill explained that the pump is currently located 500 feet deep into the well, and can be moved lower into the well at a later date, if needed. This well does have the capacity at this time to pump at a higher rate; however, a higher pumpage rate is not needed at this time.

B. Financial Report.

Mike Land, Chief Financial Officer, said revenues have been strong for the first part of this fiscal year. Expenditures have been running approximately 5% lower than the same time period last year.

C. Audit for Fiscal Year 2006-2007.

Mr. Land said that the District received a draft of its financial statement audit from Clifton Gunderson which was provided to the Board. It is anticipated that the final audit will be available for the November 2007 Board meeting.

D. Bottled Water Program.

Mr. Tripp made a motion to discontinue the District's bottled water program. Ms. Ovsevit seconded the motion.

Mr. Offret noted that he was initially supportive of the bottled water effort, but agrees that times have changed and the District should stay away from the plastic water bottles that are filling up landfills.

The motion passed unanimously.

E. Status of Public Hearing for Proposed Rate Structure Adjustment.

Mr. Hill explained that the public hearing to consider proposed changes the District's rate structure will be October 22, 2007 at 6:00 p.m. Warren Tenney, Assistant General Manager, noted that Ms. Scrivener will not be present at the public hearing. Mr. Tenney explained that the proper meeting notices were posted and statutes adhered to regarding the public hearing.

F. Resolution 2007-3 – Loan Agreement with the Water Infrastructure Finance Authority of Arizona.

Mr. Tripp made a motion to approve Resolution 2007-3 to authorize the execution of a loan agreement with the Water Infrastructure Finance Authority of Arizona (WIFA), and approve related documents and actions. Ms. Ovsevit seconded the motion.

Mr. Offret asked about the amount of the current loans and thought there might be discrepancies in the amount. Mr. Land reviewed the numbers which validated the loan agreement amounts.

Mark Reader, District Financial Advisor, noted that he has worked closely with District staff on financing its loans. He explained that the District has continued to maintain its solid credit rating. It is anticipated that WIFA will approve the loan agreement. If approved, closing is anticipated to take place the second week of November 2007. The current financing rate is 3%.

Fred Rosenfeld, District Bond Counsel, explained that he prepared the resolution and attached agreement documents between the District and WIFA. The current proposed resolution authorizes the District Chair to authorize any changes prior to closing of the final agreement.

Motion to approve Resolution 2007-3 to authorize the execution of a loan agreement with the Water Infrastructure Finance Authority of Arizona (WIFA), and approve related documents and actions passed unanimously.

G. Ratification of CAP Water Expenditure and Amendment of Groundwater Savings Project Agreement.

Mr. Tripp made a motion to approve Amendment No. 3 between the District and BKW Farms for "In-lieu Water Deliveries and Storage" and that the agreement is in effect until December 31, 2007. And further, that the District ratify the \$16,000 expenditure for the Incentive Recharge Water and authorize the General Manager to expend up to \$23,000 for additional Incentive Recharge Water purchases in 2007, which would amount to a maximum of 1,500 acre-feet of water. Ms. Ovsevit seconded the motion. Motion passed unanimously.

H. Credit Transfer Request from Town of Marana.

Mr. Tripp made a motion to approve the transfer of 634 acre-feet of effluent in exchange for 634 acre-feet of Incentive Recharge Water credits. Ms. Ovsevit seconded the motion. Motion passed unanimously.

I. Approval of Agreement for Arizona Water and Wastewater Agency Response Network.

Mr. Tripp made a motion to table this item until the November 2007 Board meeting. Ms. Ovsevit seconded the motion.

Mr. Shepard explained that the Arizona Water and Wastewater Agency Response Network had hoped to have the agreement completed; however, this has not yet been done and presently there is no agreement.

Motion passed unanimously.

J. Status of Science & Technology Grant Study.

Mr. Hill provided a brief presentation to update the Board on the status of the Science & Technology Grant Study. He explained that the site is ready for visitation and invited Board members to tour the site to observe the complete process. To date, approximately \$1,000,000 has been spent on the project which has been provided by the participating partners: Tucson Water, Bureau of Reclamation, University of Arizona, Town of Oro Valley, Town of Marana, Flowing Wells Irrigation District, and Metro Water District. The treated water is currently being routed to

local farmers for irrigation. The property where the study is being conducted was provided for at no cost by Central Arizona Water Conservation District (CAWCD).

V. General Manager's Report

Mr. Hill noted that the District's building committee has been following up on ideas for saving energy and costs for heating and cooling the office building. Contractors have been contacted for ideas and bids on various projects. The Board will be kept updated as to any new information or suggestions.

Mr. Hill provided the Board with the District's planned 15-year anniversary events. There will be an employee luncheon October 18, 2007 at 11:30 a.m. On October 25, 2007 from 2:00 p.m. to 5:00 p.m., there will be an Open House at the District office. All Board members and their significant others are invited to attend both functions.

Mr. Hill noted that an amoeba parasite was found in Tucson wells according to the newspaper. The parasite can only be harmful if absorbed through the nasal cavity and under certain conditions. This amoeba parasite cannot live in cold water, or chlorine treated water. On-going investigations are continuing throughout the US on this issue and potential sites where the parasite may be found. Mr. Hill noted that the District will continue to ensure that its water is safe.

VI. Legal Counsel's Report

Andrea Gonzalez, Lewis & Roca, said she did not have anything new to report at this time.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board of Directors is Wednesday, November 14, 2007 at 6:00 p.m. A public hearing will be held on Monday, October 22, 2007 at 6:00 p.m. Mr. Tenney noted that the CAWCD Board of Directors meeting will be held in Tucson on November 1, 2007. This is an all day event and Board members are invited to attend.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:50 p.m.

Judy Scrivener, Chair of the Board

Warren Tenney, Clerk of the Board