

MONDAY, AUGUST 10, 2009

Minutes of the 733rd meeting of the Metropolitan Water District of Salt Lake & Sandy

The Board Meeting of the Metropolitan Water District of Salt Lake & Sandy on Monday, August 10, 2009 began at 3:30 p.m. in the District's Board Room located at 3430 East Danish Road, Cottonwood Heights, Utah 84093.

The following Trustees were present:

Leland J. Myers	-Chair
John S. Kirkham	-Vice Chair
Lee Kapaloski	-Secretary
Donald Y. Milne	-Trustee
Tom Godfrey	-Trustee
David L. Buhler	-Trustee

Excused:

Kathy W. Loveless	-Trustee
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Also present:

Michael Wilson, General Manager
Michael DeVries, Assistant General Manager/Information Services Manager
Josh DeBry, Controller
Cláudia Wheeler, Environmental Services Manager
Wayne Winsor, Engineering Manager
Steve Stocking, Operations & Maintenance Manager
Annalee Munsey, Executive Assistant/HR Officer
Gardner Olson, Project Engineer
Ammon Allen, Project Engineer
Shawn Draney, Snow, Christensen & Martineau
Jeff Niermeyer, Salt Lake City Public Utilities
Tom Ward, Salt Lake City Public Utilities
Shane Pace, Sandy City Public Utilities
Jeff Bryant, Jordan Valley Water Conservancy District
Rich Tullis, Central Utah Water Conservancy District
Reed Murray, Department of the Interior
Mike Marchant, Brown & Caldwell
Jim Matsumori, George K. Baum
Richard Scott, Chapman & Cutler
David Robertson, Lewis, Young, Robertson & Burningham
Scott Robertson, Lewis, Young, Robertson & Burningham
Keith Denos, Provo River Water Users Association
Jason Luettinger, Bowen Collins & Associates
Mike Collins, Bowen Collins & Associates
Donald Champenois, Black & Veatch
Alan Domonoske, Carollo Engineers

Work Session Agenda

1. Discuss encroachments program update
2. Discuss capital improvement plan
3. Discuss financial plan analysis
4. Other

Board Meeting Agenda

1. Call to order
2. Public comment
3. Consider approval of resolution 1831 authorizing the issuance of up to \$150 million of water revenue refunding bonds; and related matters
4. Consider approval of resolution 1832 approving the execution and delivery of notices of termination of swap agreements relating to certain of the District's outstanding water revenue bonds, approving the execution and delivery of replacement swap agreements with respect to such bonds, and appointing a pricing committee for the purpose of determining the final terms of such replacement swap agreements within certain parameters; and related matters
5. Consider approval of Master Agreement—Provo Reservoir Canal Enclosure Project
6. Consider approval of acquisition of 8200 South Pipeline
7. Engineering Committee
 - a. Consider approval of General Service Agreements for General Civil Engineering Services
 - b. Consider approval of Little Cottonwood Water Treatment Plant Post-treatment Chemical Building Phase I (Filter-aid Polymer Feed System) Design Contract
8. Conservation Committee
9. Consider acceptance of financial reports
10. Consider approval of Board Meeting Minutes dated July 20, 2009
11. Reporting/Scheduling items
12. Other Business
13. Items to be discussed at the next meeting
14. Closed session (if necessary)
15. Adjourn

Work Session Agenda

Discuss encroachments program update

Mr. Allen presented the progress of the encroachment program. Since last reporting to the Board and as part of the public relations effort, District staff has met with several cities' staff and/or Development Review Committees (Highland City, Alpine City, Pleasant Grove City, Draper City and Cottonwood Heights) and shared with them the District's encroachment program. In addition, Highland City Council and Alpine City Council were presented with the

District's encroachment program. Meetings are being set with Pleasant Grove and Sandy City Councils. Also as part of the public relations effort, staff has met with State Senators Stephenson and Neiderhauser. The outcome from all the presentations was positive. Staff will continue to contact local officials.

Mr. Allen reviewed the status of encroachments in progress and those completed. Staff is also preparing a brochure for distribution to homeowners along the aqueducts. Board recommended the brochure communicate to homeowners the importance of protecting their property and maintaining the aqueducts.

Mr. Wilson has scheduled a meeting on August 19, 2009 with state senators and representatives to address adverse possession of the Salt Lake Aqueduct.

Discuss capital improvement plan

Mr. Winsor reviewed the capital improvement plan (CIP) that was prepared in 2008. The forecasted improvements were discussed during the Engineering Committee meeting and staff revised the CIP based on the need, risk, and mitigation for each non-capacity improvement. Mr. Winsor explained the priority ranking for the terminal reservoir replacement project and the post treatment chemical building filter air polymer system.

Discuss financial plan analysis

Mr. Scott Robertson and the finance team reviewed the history of SIFMA (Securities Industry and Financial Markets Association) for the past 28 years. The team also presented a chart for each of the four swaps comparing the fixed rate swap rate, plus components, to the new proposed long-term fixed rates. The Board reviewed the options available to the District which include fixed rate refunding, pure variable rate bonds, interest rate swap counterparty replacement, or a combination of fixed rate refunding and interest rate counterparty replacement. There is a chance Ambac Financial Services LP will file bankruptcy or be placed into receivership so the option to do nothing would have a greater risk for the District.

Board Meeting Agenda

Call to order

At 5:17 p.m. the Chair called the meeting to order and welcomed board members, staff and guests. Ms. Loveless was excused from the meeting.

Public comment

The Chair invited any public comment. No public comment was made.

Consider approval of resolution 1831 authorizing the issuance of up to \$150 million of water revenue refunding bonds; and related matters

The Board discussed refunding the SIFMA variable rate bonds subject to interest rate

swaps into a fixed rate financing. The Finance Team prepared a revised resolution 1831 for the Board approval which allows for refunding of one or more of the existing interest rate swap transactions with fixed rate bonds.

Mr. Buhler motioned to approve the Resolution 1831 authorizing the issuance of up to \$75 million of water revenue refunding bonds and related matters; Mr. Godfrey seconded the motion, and the motion passed five to one upon roll call:

Mr. Buhler	-yes
Mr. Godfrey	-yes
Mr. Kapaloski	-yes
Mr. Kirkham	-no
Mr. Milne	-yes
Mr. Myers	-yes
Ms. Loveless	-excused

Consider approval of resolution 1832 approving the execution and delivery of notices of termination of swap agreements relating to certain of the District’s outstanding water revenue bonds, approving the execution and delivery of replacement swap agreements with respect to such bonds, and appointing a pricing committee for the purpose of determining the final terms of such replacement swap agreements within certain parameters; and related matters

The Board discussed replacing Ambac Financial Services LP as the swap counterparty on the LIBOR (London Interbank Offering Rate) interest rate swaps at the same fixed rates as currently exist. The pricing committee referenced in the resolution would consist of Mr. Myers, Mr. Kirkham, Mr. Wilson, and Mr. DeBry.

Mr. Kirkham motioned to approve Resolution 1832; Mr. Buhler seconded the motion, and the motion passed unanimously upon roll call:

Mr. Buhler	-yes
Mr. Godfrey	-yes
Mr. Kapaloski	-yes
Mr. Kirkham	-yes
Mr. Milne	-yes
Mr. Myers	-yes
Ms. Loveless	-excused

Consider approval of Master Agreement—Provo Reservoir Canal Enclosure Project

Mr. Wilson reported on the status of the Provo Reservoir Canal Enclosure Project and noted that the bidding for the project had been moved back two weeks to September 30, 2009. The Board requested the last sentence of Section 2.4(c) be revised to state “The contract documents shall clearly specify that low price will not be the sole determining factor, *and shall identify the criteria for which a decision shall be made.*”

Mr. Kirkham motioned to authorize the District's General Manager and Counsel to take all actions reasonable and necessary to put all Provo Reservoir Canal Enclosure Project agreements and documents in final form, including the authority to suggest and consent to reasonable and necessary changes to the form of the documents which do not materially increase the obligations of the District nor materially decrease the benefits of the transaction to the District; and the District's General Manager, Chair and Counsel be authorized and directed to take all actions reasonable and necessary to execute, deliver and make effective, all Provo Reservoir Canal Enclosure Project agreements and documents; and the District's General Manager and Counsel be directed to timely report to the Board regarding the final form of the documents and progress toward completion of the project.

Mr. Milne seconded the motion. Mr. Kapaloski abstained from voting. The motion carried unanimously.

Consider approval of acquisition of 8200 South Pipeline

Staff recommends the Board authorize the General Manger to execute legal documents that transfers title of a portion of the 8200 South pipeline from Jordan Valley Water Conservancy District to the District for purposes that include facilitating Salt Lake City Public Utilities desire to connect their 16-inch Creek Road pipeline to the Salt Lake Aqueduct.

Mr. Godfrey moved to approve acquisition of 8200 South Pipeline and transfer of funds to contingency; Mr. Milne seconded the motion and it carried unanimously.

Consider approval of General Service Agreements for General Civil Engineering Services

Engineering staff anticipates small fee projects from time to time; therefore, having General Service Agreements (GSAs) in place would provide for the expeditious release of Task Orders for this work. Staff recommends that the District enter into GSAs with Aqua, Bowen Collins & Associates, and Carollo for general civil engineering services. The proposed duration of the GSA is for two years.

Mr. Milne motioned to approve the General Services Agreements for General Civil Engineering Services; Mr. Godfrey seconded the motion and the motion carried unanimously.

Consider approval of Little Cottonwood Water Treatment Plant Post-treatment Chemical Building Phase I (Filter-aid Polymer Feed System) Design Contract

Bowen, Collins & Associates (BC&A) recently completed the Preliminary Design Report for the Little Cottonwood Water Treatment Plant Post-Treatment Chemical Building. Phase I will include the design, bid, and build of the Filter Aid Polymer Feed System and these improvements will occur in fiscal year 2010. The services of BC&A include Final Design and Bid Phase services.

Mr. Milne motioned to approve the Little Cottonwood Water Treatment Plant Post-treatment Chemical Building Phase I (Filter-aid Polymer Feed System) Design Project for an amount not to exceed of \$127,634.00; Mr. Kirkham seconded the motion and the motion passed unanimously.

Consider acceptance of financial reports

Mr. DeBry reported that the financial reports show year end financials for FY 2009.

Mr. Kirkham motioned to accept the June 2009 financial reports; Mr. Buhler seconded the motion, and the motion carried unanimously.

Consider approval of Board Meeting Minutes dated July 20, 2009

Mr. Milne motioned to approve the Board Meeting Minutes dated July 20, 2009; Mr. Kapaloski seconded the motion and it carried unanimously.

Reporting/Scheduling items

The Provo River Water User Association's annual tour will be August 27th and attendees will visit the Duchesne Tunnel. Board members were invited to attend.

Other Business

No other business was discussed.

Closed session

Legal counsel deemed it necessary to go into closed session for issues relating to imminent litigation. Mr. Godfrey motioned to go into closed session; Mr. Milne seconded the motion and it passed unanimously. Staff and guests were excused. All board members, except Ms. Loveless, were present including Mr. Wilson, Mr. DeVries, Mr. Draney, Ms. Munsey, Mr. Winsor, Mr. Gardner, Mr. Allen, and Mr. DeBry.

Mr. Kirkham moved to go out of closed session; Mr. Kapaloski seconded the motion and the motion passed unanimously.

Adjourn

At 6:15 p.m. Mr. Kirkham motioned to adjourn; Mr. Godfrey seconded the motion, and it carried unanimously.

Chair

Secretary