

MONDAY, FEBRUARY 28, 2011

Minutes of the 746th meeting of the Metropolitan Water District of Salt Lake & Sandy

The Board Meeting of the Metropolitan Water District of Salt Lake & Sandy on Monday, February 28, 2011 began at 4:30 p.m. in the District's Board Room located at 3430 East Danish Road, Cottonwood Heights, Utah 84093.

The following Trustees were present:

John S. Kirkham	-Chair
Tom Godfrey	-Vice Chair
Donald Y. Milne	-Trustee
Kathy W. Loveless	-Trustee
Patricia Comarell	-Trustee
David L. Buhler	-Trustee

Excused:

Lee Kapaloski	-Secretary
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Also present:

Michael Wilson, General Manager
Michael DeVries, Assistant General Manager/Information Services Manager
Annalee Munsey, Administrative Supervisor
Cláudia Wheeler, Environmental Services Manager
Wayne Winsor, Engineering Manager
Sonya Shepherd, Accountant
Steve Stocking, Operations & Maintenance Manager
Shawn Draney, Snow, Christensen & Martineau
Jeff Niermeyer, Salt Lake City Public Utilities
Tom Ward, Salt Lake City Public Utilities
Michael Collins, Bowen Collins & Associates
Jim Olson, HDR Engineering
Steve Cain, Provo River Water Users Association
Johnathan Ward, Zions Bank Public Finance
Jerry Nowlin, Wells Fargo Securities
Mark Edgley, Wells Fargo

Work Session Agenda

1. Discuss options related to liquidity provider agreement renewal
2. Discuss Chevron pipeline
3. Other

Board Meeting Agenda

1. Call to order

2. Public comment
3. Engineering Committee report:
 - a. Consider approval of extension of General Services Agreements
 - b. Consider approval of a General Services Agreement with Heath Engineering for Heating, Ventilation, and Air Conditioning (HVAC) engineering
 - c. Consider approval of abandonment of easement—tract 205 in Orem
 - d. Consider approval of abandonment of easement—tract 214 in Lindon
 - e. Licensing program report
 - f. Project report
4. Conservation Committee report:
 - a. Consider approval of amendment to Contract for Consultant Services with Utah State University
 - b. Reporting items
5. Consider approval of board meeting minutes dated January 24, 2011
6. Consider acceptance of financial reports
7. Reporting/Scheduling items
8. Other Business
9. Items to be discussed at the next meeting
10. Closed session (if necessary)
11. Adjourn

Work Session

Discuss options related to liquidity provider agreement renewal

Mr. Johnathan Ward discussed the refinancing options related to the liquidity provider agreement renewal. The District currently has \$103.5 million of variable rate debt outstanding. This debt supports an equal amount of Utah Water Finance Agency bonds. Of this amount, \$58.8 million is swapped. The liquidity enhancement on all \$103.5 million will expire on May 10, 2011. Mr. Ward reviewed the four variable rate refinancing options: (1) renew the Standby Bond Purchase Agreement (SBPA) with Helaba Bank, (2) substitute a JP Morgan Chase SBPA with the existing SBPA, (3) change the weekly reset mode to a long-term mode (1, 2, or 3 years), or (4) sell index floating rate bonds to Wells Fargo. After discussion, the board directed staff to pursue the Wells Fargo Direct Purchase option and requested an update at the March 17th Finance Committee meeting.

Discuss Chevron pipeline

Mr. Jeff Niermeyer reported on the two oil pipeline breaks on Red Butte Creek. The creek water is not a drinking water supply for Salt Lake City; however, the public perceived the drinking water was contaminated. Mr. Niermeyer has met with Chevron officials to discuss the potential impact of a pipeline break to the District's and Salt Lake City's water supply in the Provo River drainage.

Board Meeting

Call to order

At 4:45 p.m. the Chair called the meeting to order and welcomed board members, staff and guests. Mr. Kapaloski was excused.

Public comment

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

Engineering Committee report

Mr. Winsor reviewed the Engineering reports provided in the board packet. Mr. Milne reported on the Engineering Committee challenges related to the licensing program and recent appeals to the Engineering Committee.

Consider approval of extension of General Services Agreements

In July 2009, the District advertised Statement of Qualifications for both general civil and survey consulting. The process resulted in the selection of three general civil firms (Bowen Collins & Associates, Aqua/SKM, and Carollo Engineers) and two survey consulting firms (Cornerstone and Robinson, Biehn & Biehn). In January 2010, GSAs with two additional surveying firms were procured: Project Engineering Consultants (PEC) and Stanley Engineers. The three civil and two survey GSAs are set to expire June 30, 2011. Staff recommended staggering the turnover for GSAs in order to maintain a general civil and a surveyor through each fiscal year transition period. Stanley Engineers and Project Engineering Consultants have performed the bulk of our survey work over the last year and have provided valuable experience and knowledge of the Salt Lake Aqueduct corridor. It was recommended their GSAs be extended to June 30, 2013. Bowen Collins & Associates (BC&A) has been involved in a task order that will extend into FY 2012; therefore, staff recommended extending the BC&A general service agreement until June 30, 2014. Aqua/SKM proposed extension date is June 30, 2012 and Carollo Engineers proposed extension date is June 30, 2013. The Engineering Committee reviewed the general service agreement extensions and recommended approval to the board.

Mr. Milne motioned to approve the extension of civil and survey General Service Agreements; Ms. Loveless seconded the motion and it carried unanimously.

Consider approval of a General Services Agreement with Heath Engineering for Heating, Ventilation, and Air Conditioning (HVAC) engineering

Staff recommended to the Engineering Committee that the District enter into a General Services Agreement with Heath Engineering for HVAC engineering services with an expiration date of December 30, 2013. Heath Engineering was selected as the preferred consultant based on its past experience in working with the District, its knowledge of the current issues, expertise

and references as an HVAC consulting firm, and its favorable fee schedule and rates. The Engineering Committee recommended approval to the board.

Mr. Milne motioned to approve the general services agreement with Heath Engineering for Heating, Ventilation, and Air Conditioning (HVAC) engineering; Mr. Godfrey seconded the motion and it motion carried unanimously.

Consider approval of abandonment of easement—tract 205 in Orem

Tract 205 was acquired by the District in 1939 for construction access to the Olmstead tunnel. It continues to provide access to the Olmstead tunnel and to the Salt Lake Aqueduct corridor as well as access to Central Utah Water Conservancy District's Utah Valley Water Purification Plant. Orem City has requested that the District abandon the existing Tract 205 in exchange for a new easement more closely following Cascade Drive. The new easement will continue to provide needed access to District facilities and is in the District's best interest. Orem City's purpose is to clean up a piece of property encumbered by this easement that the city desires to surplus.

Mr. Milne motioned to approve the abandonment of easement – tract 205 in Orem; Mr. Godfrey seconded the motion and it motion carried unanimously.

Consider approval of abandonment of easement—tract 214 in Lindon

Tract 214 was acquired by the District in 1939 to provide construction access to the Salt Lake Aqueduct (SLA) corridor. Access to the SLA corridor is still available along the public rights of way on 400 North and 900 East streets. 900 East terminates with a cul-de-sac, from which access can be gained through the undeveloped Lot 13. In an effort to clean up its interest in the aforementioned lots, staff proposed abandoning the existing easement up to the cul-de-sac at 900 East. The District would retain the easement on Lot 13 in order to retain access to the SLA corridor.

Mr. Milne motioned to approve abandonment of easement – tract 214 in Lindon; Mr. Godfrey seconded the motion and it carried unanimously.

Conservation Committee

Mr. Godfrey reported that the Conservation Committee was provided a copy of the District's Water Conservation Plan 2010 Update. Copies of the plan were also distributed to the board. The committee discussed the water audits program and the approval of a contract extension for one additional year. The committee also received the survey results from the Governor's Media Water Conservation Campaign. The future campaign will be based on the results of the survey.

Consider approval of amendment to Contract for Consultant Services with Utah State University (USU)

As part of the public education efforts regarding water conservation and at the request of the District's member cities, the District contracted with USU for professional services in implementing a water conservation audit program in FY 2011 for \$47,311. The contract expired on January 31, 2010 and staff recommended that the board ratify the approval of a one year extension of the contract between the District and USU in the amount of \$50,000. The District and its member cities will be working with USU to obtain more detailed reports regarding the water audit program.

Mr. Godfrey motioned to extend the agreement for audit contract with Utah State University; Mr. Milne seconded the motion and it carried unanimously.

Consider approval of board meeting minutes dated January 24, 2011

Mr. Milne moved to approve the Board Meeting Minutes dated January 24, 2011; Ms. Comarell seconded the motion, and the motion passed unanimously.

Consider acceptance of financial reports

Ms. Comarell motioned to accept the January 2011 financial reports; Ms. Loveless seconded the motion, and the motion carried unanimously.

Reporting/Scheduling items

Mr. Wilson and Mr. Buhler reported on the proposed Securities and Exchange Commission (SEC) rules which would require board members to file with the SEC as municipal advisors. The District opposes these proposed rules; moreover, the Municipal Securities Rulemaking Board has also issued a statement opposing the proposed SEC rules.

The Finance Committee meeting was rescheduled for March 17th at 9:00 AM.

The reappointment of Ms. Loveless to the board was approved by the Salt Lake City Council on February 15, 2011.

Other Business

No other business was discussed.

Closed session

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

Mr. Godfrey moved to go out of closed session; Ms. Loveless seconded the motion and it carried unanimously.

Adjourn

At 5:45 p.m. Mr. Buhler motioned to adjourn; Ms. Comarell seconded the motion and the motion passed unanimously.

Chair

Secretary

unapproved