

**MINUTES
MOAPA VALLEY WATER DISTRICT
BOARD OF BOARD MEETING
HELD
THURSDAY, NOVEMBER 17, 2011**

PRESENT: Kenneth Staton
Jonathan Blackwell
Randy Tobler

Joe Davis
Bryan Mortensen

Byron Mills

Vernon Robison, MV Progress
Anthony Frank, Moapa Band of Paiutes
Myrtle Kellar, Toys for Tots

Richard Bowler
Leonard DeJoria
Christine Trombley

Lindsey Dalley
Scott Carson

Susan Rose
Jeannie Poynor

Don Whipple, Eagle View Construction
William Anderson, Moapa Band of Paiutes

Cal Payne
Joseph & Roxanne LaBeau

ORDER OF BUSINESS: At 4:00 p.m., Chairman Ken Staton called to order the regular meeting of the Moapa Valley Water District Board of Directors. The agenda items were addressed in the following order:

1. Public Comment (May be limited to five minutes)

Leonard DeJoria, Christine Trombley, and Joseph & Roxanne LaBeau were at the meeting because they had received a letter from us letting them know that they are on the R3 rate code which is a property that has one meter and two residences on it.

Mr. DeJoria said it's like a Gestapo thing. He said the letter is accusing him of not being a nice guy, of stealing water, that he's suppose to have two meters and that he's going to have to pay \$45 a month because he has a empty building on his lot. He said that if we're hurting for money that bad we should do what he has done which is cut back on our expenditures. He said that if our intent was to cause hate and discontent in the community, then we had accomplished it. He doesn't understand what difference it makes how many houses or water meters he has, we are still getting paid for the water he uses.

Chairman Staton explained that since this was not on the agenda, no action could be taken at this time. He said that it can be placed on the agenda in January.

Randy Tobler said that if we hold off until January, customers are going to be charged the higher rate until then.

Joe Davis explained that they are already on the R3 rate code and have been for some time. Staff went out and verified that all of the accounts that were on this rate code still had two residences on one meter. The letter is notifying them of that. In the past we always called customers to let them know that they were going to be on this rate but there's no way to prove that.

The LaBeau's and Ms. Trombley do have two residences on their property but they don't think it's fair either since they are also paying for the water they use. Ms. Trombley thinks it's just a way for us to get more money out of them.

Lindsey Dalley doesn't like the policy either. He said that the Board is set to deal with it. They've been dealing with other policies since they were elected and this is just another one they are

looking at changing. He told them he appreciated them coming to the meeting but that the Board couldn't do anything for them tonight.

Mr. DeJoria said that it was in the paper that we're not selling enough water so we're raising the rates.

Scott Carson said that this Board has no intention of raising rates. When he ran for this position, he promised that he would do everything in his power not to do that. He's glad this was brought to the Board's attention. It could be an oversight or it's a policy from years past but he wants to take care of it as soon as possible.

Joe explained that this policy was probably put into effect because in years pasted we were very limited on our resources but things have changed. We are now able to accommodate a lot of things that we couldn't in the past. Joe doesn't know why that rate code was created. He doesn't understand it and never has been able to understand it. He explained that this was discussed at last month's Board meeting and that's why the letters went out.

Chairman Staton assured the customers that this issue will be on January's agenda.

2. Approval of the Minutes of the Previous Meeting held October 13, 2011 (for possible action)

On motion of Chairman Jon Blackwell and seconded by Randy Tobler, the Board voted 5-0 in favor to approve the minutes of the previous meeting.

3. Marine Corps Reserve Toys for Tots– Donation- Myrtle Kellar (Action Item)

Myrtle Kellar explained that last year Toys for Tots provided gifts for 985 children. She's not sure how many kids they will have this year but she wants to make sure that every child has a Christmas. Her area covers from Echo Bay to the Arizona Strip.

Jon Blackwell thanked her for her for all she does.

On motion of Jon Blackwell and seconded by Lindsey Dalley, the Board voted 5-0 in favor to donate \$100 to the Marine Corps Reserve Toys for Tots.

5. Approval to sell a 2" water meter to the Moapa Band of Paiutes for the ball field on the reservation (for possible action)

William Anderson, Chairman for the Moapa Band of Paiutes, and Anthony Frank were present at the meeting to speak with the Board about the purchase of a 2" meter for the ball field on the reservation.

Mr. Frank explained that there is a 6" waterline by the ball field. They want to tap into that line, run another line off of that one and plumb it into their system. He had spoken with Bryan and was told that it was going to cost over \$21,000 to purchase a 2" meter. They don't understand why a 2" meter costs so much money when all they want to do is tap into our line.

Bryan Mortensen explained that we don't have the final design from the landscaper yet so we don't really know what size meter they are going to need. The price that Mr. Frank was quoted is right out of our policy manual. The parts and labor costs for a 2" meter is around \$2,000. The balance of the meter fee is for the resource fee (impact fee). The meter fee is in the policy manual and can't be over ridden by Staff.

Lindsey Dalley asked if Bryan had explained to Mr. Frank what the Water Resource Fee is for. Bryan said that he had. Bryan understands Mr. Frank's concern. It is a hefty bill for a 2" meter but that's because of the resource fee.

Lindsey explained that the Water Resource Fee is for the District to use to go out and acquire more water.

Mr. Frank said that he had been wondering about the water because they do have their own water. They have an irrigation system and they could supply the water right now with that system. The guys they are working with said the best thing to do is to use municipal water because of the sprinklers but if it's going to cost a lot of money they might just tie into their own line and use the water they have.

Lindsey explained that he is on the Water Resource Committee and so he's one of the guys responsible for making sure that there is enough water in the lines for everyone. Three years ago that was kind of iffy but growth has tapered off. Lindsey told him that when we sell a meter, we guarantee them a certain amount of water so we have to make sure that the water is available at all times. Any money over and above the cost of installing the meter is used to acquire more water.

Scott Carson asked if there was some way that we could make some kind of a trade of water like we do with the cemeteries.

Mr. Frank said that they have talked about it because they do have excess water. They haven't had a chance to come down and talk to the Board about it.

Lindsey said that we would consider an exchange of water if they wanted to transfer water from their portfolio to ours.

Mr. Frank said that he would have to speak with Steven Chestnut who is the tribe's water attorney but they do have wells that they don't use because the water isn't as clean as ours.

Lindsey said that Joe and Bryan are the District's water portfolio experts. He asked Mr. Frank he would like to sit down with them and talk about a possible exchange.

Joe said that he, Bryan and a person on the Water Resource Committee could sit down with them and work out a gentleman's agreement. After that we could get the lawyers involved. Joe didn't think it would be a long drawn out process.

Mr. Anderson asked what kind of timeframe Joe was looking at. Joe said that he could sit down with them on Monday if they wanted to. They said Monday would work great for them.

This will have to be brought before the Board again before anything is agreed upon or signed.

No action was taken.

4. Approve the refund of the impact fee on 15 meters that were pulled from the ground (for possible action)

Joe Davis said that there was actually 16 meters pulled from the ground but action was taken on one last month. The meters were pulled out of the ground when the old delinquent policy was in effect.

Last month the Board voted to charge the gentleman who was at last month's Board meeting the installation costs and usage charges only.

Joe explained that of the 16 meters, six of the properties were sold and the new owners have already purchased a new meter. There are 10 that still don't have meters on them.

Joe had three options for the Board to consider.

- 1) Leave everything as is which would be that a new meter has to be purchased.
- 2) Allow the 10 properties that don't have meters to purchase a meter for the \$1500 for labor and materials and to pay all usage charges.
- 3) Go back and change it so that all of those involved would pay the \$1500 and usage charges. This would mean refunding the impact fee to the six people who already purchased a new meter. The problem with that is who

paid for the meter to be reinstalled? Was it the bank or the customer? So who gets the money?

Joe said that we could justify not charging the impact fee because it's already been paid on those properties. He feels that it would be cleaner though to just move forward from this date and only remove the impact fee on those meters that haven't been reinstalled yet.

On motion of Lindsey Dalley and seconded by Scott Carson, the Board voted 5-0 in favor to charge the remaining 10 meters that were pulled from the distribution system a charge of \$1500 plus the usage charges to reinstall the meter to the property currently associated to the account.

Richard Barlow was at the meeting because he just purchased a property that the meter had been pulled on.

6. Discussion and possible action on the "Water Resource Fee" (for possible action)

Joe Davis explained that the Water Resource fee has traditionally been set by the current price of MVIC water stock. One stock was equal to six acre-ft so when they calculated it out it came out to \$9166 that someone would need to pay if they created a new lot. They would also have to buy a meter on top of that. The fee was supposed to be re-evaluated each year. At the time the Water Rights Dedication Ordinance was approved a share was selling for \$3,000. It went up to \$50,000 soon after that. The price of shares now varies depending on what ditch you buy the share on. The shares on the ditches that are the most popular are still selling for \$50,000 whereas the shares on other ditches are much less. This makes it hard to come up with the fee when it's based on the going rate of a share. The problem also with buying or excepting MVIC shares is that in order for us to use them we have to treat that water. We can either treat it a little and use it for a secondary water system or we can treat it a lot and use it for culinary water.

Policy states that the price will be based on the cost of a share of water. The policy also says the fee would be re-evaluated every year. The last time the fee was brought before the Board was at the September 11, 2008 meeting. At that time the price was \$50,000 with a discussion concerning placing the water resource fee above the going rate to encourage developers to bring water to the table.

After a meeting with the Water Resource Committee, Joe started looking at what the costs were when we drilled the Arrow Canyon well, what the costs associated per each customer would be, and the resources we're able to get. He thinks the costs could be associated with this instead of basing it on the cost of a share.

Lindsey Dalley asked if initially the Water Resource Fee was preproposing that we would be able to convert irrigation shares to potable water. Joe said that according to the Water Resource Study that was done in 2002, we would have a treatment plant up in running by 2006. We should already have been using this water in a secondary water system.

Randy Tobler said the problem is we've been buying irrigation shares that aren't potable so it's not a real reflection of what it would cost the District to acquire water. He thinks it would be better to look at some other options.

Joe said it will probably take him a good three months to go thru all the information and do due diligence. He explained that we do have a situation right now where Cal has a map that he wants to get filed and this cost is associated with that. Cal has spoken with a couple of Directors It's on the agenda as an action item in case the Directors would like to make a change to the fee for now. Joe said it might take him longer to go thru everything than he thinks.

Randy said that right now the fee is still tied to irrigation shares which he thinks everyone agrees that they need to move away from. In the mean time until they get something developed, they could look at the \$35,000 and the \$50,000 and see that there's some kind of average there. Maybe they can make some kind of adjustment to the fee from that.

Chairman Staton said that they could just change the policy to reflect \$35,000. Byron said that they wouldn't change the policy they would just change the price to \$35,000.

Joe said that the policy says that the fee is based on the last purchase price of a MVIC preferred share.

Scott Carson thinks that if they make any change it would be to move away from tying the price to MVIC shares.

Lindsey asked Bryan Mortensen if he has any idea whether tying the fee to the actual cost of drilling and exploration would be more than what we charge now. Bryan thinks there's a good chance that it would be. Things aren't cheap right now.

Scott said that there would probably be a huge cost to turn that irrigation water into potable water.

Joe said the sad thing is the fee is only associated with the cost of a share. There was no money collected to build a treatment plant to convert that water to potable water. The original plan was to build a treatment plant at the Logandale well so that we would be able to get 700 meters from that well. Brad decided to do a 4 to 1 blending process to save money instead of building a treatment plant. We have the capability to get 400 gpm out of that well but out of the 400 gallons we have to add 1600 gallons to make it potable. Even then, it doesn't taste too good.

Byron Mills explained that we were also going to build a secondary water system that would go to the schools and parks. That would free up potable water.

Bryan said that the fee right now is more than what it cost to deliver the water. He said we're looking at anywhere from \$500 to \$700 an acre-foot. It covers those costs but it does not cover the exploratory drilling costs. That's very expensive.

Randy said that the range is between \$35,000 and \$50,000 which is a difference of \$15,000. He proposed splitting it in the middle and saying that a share is worth \$42,500.

Joe said they don't have to change the policy; they can just change the Water Resource fee tonight and re-evaluate it next November. Hopefully by then they would have another game plan that would make it more equitable. There wouldn't be a huge fluctuation. They could have a CPI escalator of 2% or whatever they choose to use for inflation.

Scott doesn't think that the Water Resource fee should even be tied to the costs of a MVIC share. He thinks they should say that their estimate of delivering water is \$7,500 per household and next year they'll revise it.

Byron Mills said there should be some kind of a basis as to why they came up with that amount.

Scott said that they shouldn't tie it to a share because it might upset MVIC if they think we're dictating how much a share costs.

Chairman Staton asked Mr. Payne when he needed to know how much he had to pay for the Water Resource fee. Mr. Payne said two months ago. He's kind of pushed now that Clark County has funded the bridge. He has to sell the river frontage to Clark County or they will condemn it. If he doesn't get the map filed now, the parcel will be too small after he sells it. He would then have to put in highways and byways and all of the things they want. No matter what the Board decides tonight he has to come in Monday and pay the fee because he can't wait any longer. He figures that if he was doing his subdivision today (Tres Lobos) it would cost him almost \$600,000 to get a water commitment. That's a lot of money and he thinks it retards growth in the Valley because it's so expensive.

Randy asked Joe if he would be comfortable with them setting the price at \$7,500 for now and then hopefully they'll be able to re-evaluate it in the next 3 – 6 months. Joe didn't have a problem with that.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 5-0 in favor to reduce the Water Resource Fee to \$7,500 effective 11/18/11 and instructed Staff to pursue a solid formula they can base that fee on.

8. Award a construction contract to Eagle View Construction for the MV Blvd Improvements in the amount of \$99,995 (for possible action)

Joe explained that on October 26th we had the bid opening for the Moapa Valley Blvd improvements. Bids were received from three qualified contractors. They were all at the pre-bid walk thru. The following bids were received:

1) Eagle View Construction	\$99,995
2) Trade West Construction	\$126,162
3) Savanic Transport	\$126,706

Joe said that all of the bids were consistent except for the dirt and the asphalt. Eagle View's price was a lot lower. Joe has worked with all three of them and he feels Eagle View will do a good job for us.

Quite a few people called about the project but only three showed up for the pre-bid walk thru. Joe thought maybe the project wasn't big enough for them to bother with.

Chairman Staton asked Don Whipple how long he thought the project would take. Don thought probably six weeks but they have 90 days. They are worried about temperatures because of the bid date. If temperatures are low the open grade may not get done right away. Joe said that that portion of the project won't be in any of the travel lanes so it won't cause any problems. If the temperatures aren't right before the 90 days is up, Joe said that we will work up an agreement with them to get it done at a later date.

Don said that their bid does not include prevailing wage because it's under \$100,000.

On motion of Jon Blackwell and seconded by Randy Tobler, the Board voted 5-0 in favor to accept the bid and award a construction contract in the amount of \$99,995 to Eagle View Contractors, Moapa, NV and instructed Staff to enter into a construction contract for the same.

7. Approval to revise the "Delinquent Account" policy (for possible action)

Joe explained that the old Delinquent Account policy was a 10% late charge for delinquent accounts but that was change to 10% on the outstanding balances that are attributed to user charges. The late charges are still accruing very quickly when it's calculated that way. He doesn't think the original intent was for late charges to be charged that way.

Chairman Staton doesn't think it was their intent either.

Jon Blackwell left the room for a few minutes.

Bryan Mortensen had made up a spread sheet which was available for the Directors review that shows how late charges are accruing now and how they would accrue with the new verbiage.

The current verbiage is: "All water bills are due and payable upon receipt; a bill will become delinquent if not paid within 15 days from the date of which the bill was mailed. A 10% late penalty charge will be assessed and billed on outstanding balances that are attributed to user charges. The 10% late penalty will not be assessed and billed to that portion of the outstanding balance that is attributed to previously assessed late penalty charges"

The proposed verbiage is: "All water bills are due and payable upon receipt; a bill will become delinquent if not paid within 15 days from the date of which the bill was mailed. A 10% late penalty charge will be assessed and billed on current outstanding balances that are attributed to user charges. The 10% late penalty will not be assessed and billed to that portion of the outstanding balance that is attributed to previously assessed late penalty charges".

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 4-0 in favor to change the Delinquent Account Policy to reflect that the 10% late charge will be assessed on the current outstanding balances that are attributed to user charges.

Byron Mills felt that we needed to add monthly to the motion so that it reads “*All water bills are due and payable upon receipt; a bill will become delinquent if not paid within 15 days from the date of which the bill was mailed. A 10% late penalty charge will be assessed and billed on current **monthly** outstanding balances that are attributed to user charges. The 10% late penalty will not be assessed and billed to that portion of the outstanding balance that is attributed to previously assessed late penalty charges*”.

On motion of Randy Tobler and seconded by Lindsey Dalley, the Board voted 4-0 in favor to change the Delinquent Account Policy to reflect that the 10% late charge will be assessed on the current month's outstanding balances that are attributed to user charges.

Jon Blackwell came back into the room.

9. Approve the annual salary for Joe Davis retroactive from October 13, 2011 and set his yearly evaluation for October of each year (for possible action)

Chairman Staton said that they talked about this last month but since he did not have that particular item on the agenda they couldn't make the motion on Joe's yearly salary. He thinks they all understand where they are going here so he went ahead and made the motion.

Ken Staton made the motion to set Joseph Davis' annual salary at \$85,000 a year.

There were a few questions about what was approved last month.

Byron Mills said that they could go ahead and discuss it after it's been seconded so Jon Blackwell seconded the motion.

On motion of Ken Staton and seconded by Jon Blackwell, the Board voted 5-0 in favor to set Joseph Davis' annual salary as Interim General Manager at \$85,000 a year retroactive to October 13, 2011.

Chairman Staton said that as far as the annual evaluation, he spoke with Joe and they both thought it would be good if they set his first evaluation for six months from now.

10. Manager's Reports

Office Manager-Jeannie Poyner explained that all of the normal reports are in the Board books along with the report that shows the bank account balances. She wasn't able to get the investment statement done before everything was sent out so she will have it at next Board meeting. Lindsey asked Randy and Scott what they looked at in all of these reports. Randy said that he looks at the net increase and decrease which is on the Statement of Cash Flows report. This month it's (27,853.17). Lindsey asked why it was a negative figure. Jeannie explained that a lot of it is the bond money that has been spent. It takes about a month for the stuff to hit the report. easier for them to see what's going on.

The new bills are set to go out on December 16th. That will be the full page bills and the one billing cycle.

Water Production Superintendent – Bryan Mortensen explained that production went up to the 2000 levels a little bit. Bryan updated the Board on some of the things that the water production staff did last month.

- 1) Performed weekly/monthly preventative maintenance on facilities, assets and equipment.
- 2) A chlorine pump went down at Coyote Springs which they repaired. They will have it back online tomorrow.
- 3) Did preliminary work on the upgrades at Bowman Discharge Station.
- 4) SNWA has asked us to install a flow meter, temperature probe and a bunch of other things so we will be busy trying to get it done.
- 5) Customer service requests included 21 data logs, 4 low pressure complaints that were on the customer's side of the meter, 1 leak at the meter and 3 miscellaneous requests.
- 6) The two meter reading trucks were tested this month. Everything went well. There were a few little glitches but they were taken care of.

Lindsey asked why we are doing all of this work on the Coyote Springs stuff and Bryan explained that the State is requiring SNWA to do them. Joe said that if the original work wouldn't have been done so cheaply, we wouldn't be doing this.

Scott asked if we ever figured out if someone was stealing water in the upper valley. Joe said that since we've started reading everything at the same time, the percentage of lost and unaccounted for water has really gone down. He thinks that was the problem. Lost and unaccounted for water was at 6% last month.

Interim General Manager – 1) Joe Davis explained that he had spoken with Mrs. Martin who had an issue that was on last month's agenda. She asked Joe if she provided proof to us of when the temporary power meter was removed and the permanent one was installed if that would be sufficient for proof that the trailer wasn't hooked up. Joe doesn't feel that we should do the refund. If the policy is changed, we shouldn't go back and issue credits to those who were charged in error. It's too hard to prove that there was or wasn't a second residence. We have sent letters out to all the customers that are being billed for two residences on one meter and we are looking at revising the policy. Randy Tobler said that the property is now owned by the Moapa Valley Federal Credit Union. In a case like that, who should get the credit?

2) Joe also spoke with Vernon Madewell regarding the Moapa Cemetery. They don't have a meter and they don't have very many trees up there. Vernon is going to talk to the rest of the cemetery committee to see if they want a hydrant meter to use to water the trees.

3) Bonnie Renaldi contacted Joe to see if she could schedule a meeting with the Water Resource Committee to do a presentation on their project. Joe told her with the new open meeting laws it would be easier to sit down with all of the Directors. She was given the dates on the January and February meetings. She asked if we would schedule a special meeting on November 30th or December 1st for the presentation. Joe asked the Directors if they wanted to do that. The general consensus was NO. Van Robinson hasn't provided any of the information that he was asked for at the last meeting they had with him.

4) Joe explained that we will have to have the final audit on the December agenda. We didn't receive the final draft until late last Tuesday and there wasn't time to review it before the Board packets went out. Joe asked if the Board still wanted to have next month's meeting on December 2nd and they did.

5) We have the request for material bids out in the local paper. They are due in by November 22nd. The materials include the Gann Ave. and Omer St. areas. Joe estimates that it will be around \$70,000 for the materials which is less than half of what was budgeted for the entire system upgrades for this fiscal year. The cost of pipe is actually down. In April after we look and see how we're doing financially, we can decide if we want to do anymore projects this year.

6) Joe said that all of the survey work has been done up at Twin Springs. Before we started the work up there, Joe notified Dana Walch but never heard back from her. Joe also spoke with Robert Johnson who said that it (the easement proposal) wasn't going to happen. He was told Dana delegated it to Robert to tell Joe that. Joe took offense to that. He feels like SNWA got what they wanted so they don't want to talk to us anymore. Joe went ahead and moved forward. We need to know exactly where our easements are. We did find out that their survey is 47' off. Their estimate of where our stuff is located is off because their surveyor messed up. Joe said that Robert Johnson had spoken with Lindsey and threatened legal action.

Lindsey explained that he did speak with Robert and Robert had told him that SNWA's attorneys had said that it's not going to happen. Lindsey explained to him that we have an easement and that everyone had met and decided that the best thing to do was to have a gravity fed pipe. The problem is we don't have enough room on that easement to do the work. That's all we're asking for. We just need a larger easement to put the pipe and the power lines in. Lindsey also explained to him that we have an investment and we need to protect it. We want to talk to them about it but they don't want to talk to us.

Joe said that when we were originally out there surveying, he was told by Robert that he had to let Robert know what we were doing. Joe told him that when we're working on our easement, we don't have to let him know anything. Joe explained that we have to know where our easement is and we need to know exactly how much water is there. Joe believes that we can get about 400 gpm. That is under the 500 acre-feet that we can take and not have to pay for. He wants to put a meter in there so we can find out exactly what is going thru there. The problem with using that water is that there are a lot of agreements that are tied in together and Twin Springs is included in those agreements. Joe doesn't want to start moving water until he's had someone look at all of the agreements to make sure we're not shooting ourselves in the foot.

While our surveyor was out there surveying one of SNWA's employees told him that he had to get off their property. Our surveyor explained to him that he was working on a legal easement and that SNWA's survey was off 47' so he had every right to be where he was. He explained to them that he could make them move their fence.

Lindsey thinks that we need to be working on Twin Springs now instead of waiting for SNWA to possibly make a trade with Fish and Wildlife and then it would be too late to do anything. He thinks we need to keep a tight rein on the water we have as well as looking for potential water.

7) Joe explained that we've been going thru all of our paperwork to see what projects we used JM pipe on. We've only found one project so far in all of the big projects that we've done. Turf Equipment supplied the pipe on that project. On our other projects we purchased pipe from Scholzen Products and they never sold JM pipe.

Byron explained that he is just the information guy for the District on this lawsuit. The Nevada Attorney General is the person who will be representing MVWD and all the other governmental agencies in Nevada that used JM pipe.

8) Vidler Water and Lincoln County have filed applications for 10 cfs around Pioche in the White River Flow system which is where they say our water comes from. That's something that we're going to want to keep an eye on. We need to look at all of our agreements before we protest because there were some things that they can file on.

Lindsey would like Joe to get Bryan involved in the agreements so that there are two people that know what's in them. You never know what could happen.

Joe is already trying to do that. They are still tag teaming all of the meetings so there are always two people that knows what's going on.

11. Director's Preference

- Review Monthly Expenditures

On motion of Scott Carson and seconded by Lindsey Dalley, the Board voted 5-0 in favor to refer the monthly expenditures to the auditors.

- Litigation Update

No update.

Randy Tobler had four things he wanted to talk about.

1) MVIC Shares – Randy reminded the other Directors that they had wanted to provide the Ag Farm with some of our MVIC shares this year but by the time the individual had decided that they didn't want to renew the lease on all of their shares it was too late for MVIC to switch the schedule. Also, the shares would have had to be transferred off of the Sproul ditch so that the Ag Farm could use them. The problem is they can never be transferred back to the Sproul ditch. Randy wasn't willing to do that without talking to the rest of the Board first. Overton and Sproul ditches are the ditches that are going for \$50,000 a share. Randy would like the Directors to think about that.

2) Randy asked Joe if we are a D3 system which Joe said that we are. Randy also asked if Joe was the only one with a D3 and Joe explained that he, Bryan, Kiley, Dan and Lon all have a D3 certification. Joe is actually a D4 but we aren't required to have anyone with a D4 certification right now. Bryan, Lon and Brian are working on getting their D4 certification. They're doing it now because it's easier to do when you're not stressed about it. Randy just wanted to make sure we have everything covered.

3) Randy has had some customers who live down on Cottonwood come to him and ask about improvements to that area. He asked if we are going to start doing improvements on some of the aging areas. Joe explained that Cottonwood is an area that is slated for next year's budget. As we get closer to April, we will see if we have any money left over that we can use to stockpile pipe if prices are down. Cottonwood is the next project after these two projects gets done. The surveying and plans are done for the project. All we have to do now is submit them to the State for their approval which takes a couple of weeks to get. Randy asked Joe if the Directors could get a copy of the list. Joe said he would email it to them.

4) Randy said that Leonard DeJoria had spoken to him about the letter he had received. Randy feels like we are policing and he doesn't understand why. He thinks that we will never be able to make the right call on it. The County has code enforcement in place for that and they

don't enforce it but we're trying to. We've already had two people come in asking for refunds on this policy. He doesn't know if it's worth the time and the upset to the customers if we continue to do it.

Chairman Staton asked how long the policy has been in effect and Joe said that he's not sure that it is a policy. If we can't find where it was a policy, Joe said he would send out a letter to all of the people who received letters and tell them that we aren't going to be billing them on that rate anymore.

Lindsey said that people are still paying for the water they use.

Joe thinks we should just use the zoning to determine what the rate should be.

Chairman Staton asked that this be placed on January's agenda.

Staff is going to go thru the minutes to see if there was an action item that created the R3 rate.

Chairman Staton called a closed door session at 6:25 pm. This was seconded by Jon Blackwell.

Chairman Staton reconvened an open door session at 6:45 pm. This was seconded by Jon Blackwell.

12. Personnel- Closed Door Session

Employee Christmas Bonus

No action was taken.

13. Approval of the December 2, 2011 Board Meeting

The general consensus was to hold the next Board meeting on December 2, 2011.

14. Public Comment (May be limited to five minutes)

15. Adjournment

The meeting adjourned at 6:48 pm.