

*MINUTES OF THE
ARIZONA MUNICIPAL WATER USERS ASSOCIATION
MANAGEMENT BOARD MEETING
APRIL 14, 2010*

MEMBERS PRESENT

Marshall Brown, Chairman, Scottsdale
David Cavazos, Phoenix
Lonnie Frost, Gilbert
Doug Kukino for Ed Beasley, Glendale
Jeff Kulaga, Tempe
Charlie McClendon, Avondale
Kathryn Sorensen for Chris Brady, Mesa
Susan Thorpe, Peoria
Doug Toy for Pat McDermott, Chandler

MEMBERS / ASSOCIATE MEMBER EXCUSED – NOT PRESENT

John Fischbach, Goodyear

OTHERS PRESENT

Marilee Avina, AMWUA	Mark Holmes, Mesa	Stephen Rot, Glendale
Jason Baran, AMWUA	Eric Kamienski, Tempe	Jim Sadler, JLL
Lawrence Brotman, Glendale	Keith Lammersen, JLL	Don Sehorn, AMWUA
Jo Cook, AMWUA	Beth Miller, Scottsdale	Richard Siegel, SRP
Val Danos, AMWUA	Steve Olson, AMWUA	Robin Stinnett, Avondale
Steve Dalton, Tempe	Carlos Padilla, Phoenix	Carol Ward-Morris, AMWUA
Brian Draper, Mesa	Ryan Peters, Glendale	Thalia Williams, AMWUA
Alan Dulaney, Peoria	Diana Piña, AMWUA	
Kathy Ferris, Attorney	Kathy Rall, Gilbert	

1. CALL TO ORDER

Mr. Brown called the meeting to order at 10:10 a.m.

2. APPROVAL OF THE MINUTES FROM THE FEBRUARY 10, 2010, AMWUA MANAGEMENT BOARD MEETING

Upon a motion by Mr. McClendon and second by Mr. Kukino, the minutes of the February 10, 2010, AMWUA Management Board meeting were approved.

3. SET NEXT MEETING DATE

The next regularly scheduled meeting of the AMWUA Management Board was set for Wednesday, May 12, 2010, at 10:00 a.m. at the AMWUA office.

4. AMWUA OFFICE SPACE

Mr. Olson introduced Mr. Keith Lammersen and Mr. Jim Sadler of Jones Lang LaSalle. Mr. Olson said they were in attendance at the meeting to provide an update on AMWUA's search for new office space. Mr. Sadler and Mr. Lammersen presented a PowerPoint presentation to the Board members outlining their progress, to date, including the two short-listed buildings that would best suit the association's needs.

Ms. Sorensen asked what the dollar amount left in the current lease amounted to and how a new property owner would take care of absorbing that amount. It was noted that some property owners write a check to the current management company covering the remainder of the lease and others provide significant free rent to the tenant.

Discussion regarding the two short-listed building's floor plans took place with Mr. Kulaga expressing his approval of the floor plan for the 3003 North Central Avenue building.

Mr. Kukino asked what the next steps for the association would be. Mr. Sadler said the next steps would be for the association to make a decision on which building they thought would work best, send a non-binding letter of intent to the property owner, refine the floor plan, do a final financial analysis, and then move forward with acquiring the space.

Mr. McClendon expressed his desire to see the payments of the new space level payments over the course of the lease. Mr. Brown and Mr. Kulaga agreed that the payments should be level.

With no further comments or questions, Mr. Brown directed Mr. Olson to keep moving forward with the process of selecting new office space for the association.

Mr. Brown thanked Mr. Sadler and Mr. Lammersen for being in attendance and providing such a thorough presentation to the Board on the search for new office space.

5. AMWUA SECOND DRAFT FISCAL YEAR 2010-2011 BUDGET

Mr. Olson and Mr. Sehorn presented the second draft of the FY 2010-2011 budget to the Board, noting a few changes from the previous draft.

Mr. McClendon asked if the current draft of the budget reflected possible changes to the lease, to which Mr. Sehorn replied, no, it did not. Mr. McClendon, Mr. Brown, and Ms. Sorensen agreed that the current draft should not reflect possible changes.

A discussion regarding the Reserve Fund and how a new lease would affect it took place, with Ms. Sorensen asking when the drawdown of the Reserve Fund would stop and what impact ceasing it would have on future association dues. Mr. Sehorn said the drawdown would cease once a new lease was in place with the new lease structured in such a manner that dues would not have to increase.

Mr. Olson reminded the Board members that unless they had any additional recommendations, adoption of the budget would take place at next month's meeting.

No motion or vote was called for by the Board members.

6. 2010 LEGISLATIVE SESSION UPDATE

Mr. Baran reported on the latest activity at the State Legislature, noting that much had changed since the February Board meeting. Mr. Baran reviewed the status of the bills AMWUA was currently tracking and said the actions of note were the adoption of the ADWR budget, ADWR's reduction in force, an amendment to the Statewide Augmentation bill (HB2661), and the end of HB2290: Waste Tires; Abandoned Mines and SB1355: Water Assessments, as they were not heard.

At the end of the discussion on the status of the bills, Mr. McClendon said he was in agreement with staff recommendations regarding the bills.

Mr. Cavazos asked if Mr. Olson or Mr. Baran could speak to ADWR's Director, Herb Guenther, and invite Mr. Guenther to AMWUA to provide the Board with his assessment of ADWR's situation.

The Board members agreed that asking Mr. Guenther to meet with AMWUA Board members was a proactive approach to dealing with the impact the current changes would have on AMWUA's members.

Mr. Brown directed Mr. Olson to speak to Mr. Guenther and see if he would be willing to come to the next Board meeting and speak to the group.

7. JOINT AMWUA/CAWCD BOARD MEETING RECAP

Mr. Olson provided a recap of the Joint AMWUA/CAWCD Board meeting held on March 12, 2010. He noted that the two Boards worked well together at sharing information. He added that a meeting in the next six months was likely.

No motion or vote was called for by the Board members.

8. EXECUTIVE DIRECTOR'S REPORT

Mr. Olson reported that the Tonto National Forest was considering constructing a fish barrier at Lime Creek, which would cost \$9 million. He said public comment letters were being solicited. He indicated that AMWUA would send a letter supporting the construction of the barrier, as there were no apparent reasons for opposition to the barrier. Mr. Olson noted that the City of Phoenix and SRP were also sending letters supporting the project.

Mr. Olson reported on his involvement in the Blue Ribbon Panel, to which Ms. Sorensen and Mr. Toy commented that Tucson's push to make their water conservation programs mandated for the entire state was inappropriate, stressing that Tucson is different from the Phoenix Metropolitan area.

Mr. Olson reported that ADD Water was on hiatus for the time being, so had nothing new to report to the group.

Mr. Olson thanked the City of Peoria for their work on the AMWUA job classification study and noted that once their work was finished, AMWUA would have something in place that would be up-to-date, functional, and relevant for the association's use.

Mr. Olson reported on the status of the state's reservoir system, stating that the Salt River and Verde River were, collectively, at 98% their capacity and the Colorado River System was at 55% its capacity, up one percentage point from last year, which denotes the river is still experiencing drought conditions.

9. ADJOURNMENT

With no further items of business to discuss, Mr. Brown declared the meeting adjourned.

The meeting adjourned at 11:30 a.m.