SUMMARY MINUTES OF THE FINANCE COMMITTEE
ZONE 7 BOARD OF DIRECTORS

August 25, 2010
4:00 p.m.

Directors present:	Sandy Figures	Zone 7 Staff:	Jill Duerig, General Manager
	A. J. Machaevich		John Yue, Asst. General Manager, Finance
	Chris Moore		Tamara Baptista, Senior Staff Analyst
			JaVia Green, Staff Analyst
			Judy Rector, Acting Board Secretary

1. Public Comment - None

2. Water Rates

Ms. Baptista started out her presentation on Water Rates stating the Zone 7 Board annually sets water rates based on the funding requirements needed to support operations and infrastructure. She stated that in 2007 there was a federal court ruling that reduced the Delta pumping by 30%. Because of this ruling Zone 7 requested a voluntary 10% conservation from its customers and also a 20% water usage reduction by the year 2020. There is also the slow housing market that resulted in slow growth and less demand on our water sales.

There are 5 components that go into developing the water rates for calendar year 2011:

1. The 5-year Retailer Water Delivery Request (2011-2015)

We base our water sales on a 5-year retailer water delivery request estimated by the water retailers in early August for 2011-2015. Water usage, weather patterns and connection growth all affect potential sales.

2. Operating Expenses – discussed later in the meeting

3. Water Rate Contribution to Capital Fund

Both the renewal and replacement and system-wide improvement programs are funded primarily from water sales so every year there is an annual transfer that takes place. The program is intended to replace our existing equipment and facilities as they wear out or exceed their usable life. The funds are capital improvements to our existing system. We have an asset management program study that is being done. The last study ended in 2004. That study recommended an annual transfer of $10,000,000 for FY 2013-2014. However, the new study in progress will be completed before we develop the 2012 water rates. The recommendations aren't available yet. We are also working closely with our retailers in developing the recommendation for that asset management program.

4. Financial Management/Planning

We are currently undertaking a strategic planning effort as well as pursuing separation from Alameda County. Both of these efforts will provide the Board with the opportunity to discuss the Agency's financial planning and also our fiscal policies. We will also be working with the retailers on this matter.

5. Rate Stabilization Reserve

This reserve was established after the 1999 drought in order to mitigate water rate fluctuations in case of a major loss of revenue due to a prolonged drought or disaster. The current balance is $5,000,000.

Ms. Baptista covered Water Delivery Projections before she talked about Operating Expenses. For Calendar Year 2010, Zone 7 projects 37,722 AF of water being delivered to our retailers. For 2011 the retailers delivery request that we just submitted in early August. We asked them to provide the numbers with conservation and without conservation. The total requests with conservation are 42,715 AF. However, Zone 7 has projected 38,016 AF for 2011. This number is based on actual deliveries v. requested deliveries on average from 2006 through 2010. 2010 is half actuals/half projections. The average for these 5 years is 91.5% of the requested deliveries. In developing the water rates for 2011, we used the last 12 months of data (fiscal year 2009-2010) and came up with a 19% decrease in requested deliveries. This is where the projection for 2011 is 38,016 AF.

<u>Operating Expenses</u>

Ms. Baptista referred to the table that shows the cost components, fiscal year 2009-2010 unaudited actual expenses, fiscal 2010-2011 forecasted expenses and a preliminary budget for fiscal year 2011-2012. Ms. Baptista said we need to use fiscal year 2010-2011 and fiscal year 2011-2012 cost components in order to develop the 2011 water rates.

Director Figuers asked about the personnel line and if that is all of the people in the zone or just the personnel involved with water treatment. Ms. Baptista stated that everyone gets allocated to water enterprise (Fund 52) and then they get credited back out and this is a net number. Director Figuers wanted clarification on if staff are appropriately accounted for. Director Moore stated that as an example, operators are 100% water but others may be 22% water. Director Figures wants to make sure that water sales functions are charged to water sales and flood control is charged to flood control. Director Moore suggested it's not by classification but by percentage of time allocated per classification. Ms. Baptista pointed to the bottom line of the table where it shows the 2010-2011 forecast v. the preliminary budget for 2011-2012. The 2011-2012 budget forecast is estimated to be $32,285,708, which is a $1.4 million decrease from the fiscal year 2010-2011 forecast, and a 4% decrease. For personnel expenses, we have a cost savings due to a number of staff concessions. We have a soft hiring freeze where 12 vacancies are identified as part of the freeze. We also had a voluntary resignation program in 2009 totaling 4 employees. For the current fiscal year, most represented and unrepresented staff took a 0% pay increase with the exception of 1 employee under contract. Some employees are contributing 10% more to their health premiums than before.

Director Moore stated that those bullets are not really concessions but management programs to reduce costs. He doesn't want to go in front of a Board meeting and refer to those as concessions. Ms. Baptista continued with overtime costs referring to the charts. In the last five years, total overtime costs have gone down from $202,787 in 2005-2006 to $155,726 in 2009-2010. She confirmed that the majority of those overtime costs were generated in Operations. Ms. Duerig stated that because we are a 24/7 operation, and if we are operating on holidays, it's overtime. She stated that there will always be some overtime as long as we're operating 24/7. Ms. Duerig pointed out that we're seeing this decline in overtime during a period when we're reducing staff. She credited Zone 7 staff for working smarter and harder. Director Figures asked how much of the overtime is mandated by work rules. Ms. Duerig stated that we've improved on site-specific scheduling and have gotten more open interpretations from the Union where it's been very helpful in reducing the overtime. Ms. Baptista wanted to point out the difference between the 2010-2011 forecast v. the 2011-2012 preliminary budget. The difference is an increase of $800,000 due to anticipated labor negotiations and higher benefit costs. She also stated that in the maintenance budget there is an increase from 2009-2010 in audited actual expenses to 2011-201 forecasted expenses due to a shift of maintenance work from contracted services to in-house staff. This is due to the transition period of shifting this workload over. There is overlapping of services and training. For fiscal year 2011-2012 it settles out and the figures go down.

Ms. Baptista stated that chemicals and utilities go hand in hand. Those costs are based on the plants production of the blend of groundwater and service water and so there's a shift in the blending of ground water and service water. Chemicals are going up to $3.2 million due to costs increases; however, our Purchasing Department is soliciting bids for water chemicals. We will have a better idea of costs once those bids come in. This would be a joint purchase agreement with the BACC saving $164,000 for sodium hypochlorite. DSRSD was a lead on that. Director Figures asked if we are still anticipating a 30% raise in costs. Mr. Yue confirmed that there is shift between how much groundwater and surface water is being used and basically the chemical costs of groundwater is less than surface water. So for 2010-2011 there is an anticipation that more surface water will be used. Ms. Duerig stated that this is partially because our allocations have been so low last year and this year so we've had to use more groundwater.

Ms. Baptista started to talk about Demin and Bay-Delta. Demin is our Mocho Groundwater Demineralization Plant. The first year was 2009-2010, 2010-2011 was the second year, and 2011-2012 would be the third year. We have some production numbers for the pumped water going through the plant for 2009-2010. It was 5,000 AF, for 2010-2011 it's 8,300 AF, for 2011-2012 it's 6,000 AF. Ms. Baptista stated that the electricity for the Demin is in the Demin cap cost component and everything related to Demin is in the category Demin. When asked if Demin operates 24 hours a day, Mr. Yue said it has that capability. Ms. Duerig stated that it kind of runs most of the time 24/7 but we can reduce the total flow through it or we can turn it off for the wet weather months when there might be limited capacity to receive our brine discharge.

Ms. Baptista stated that from 2009-2010 the Bay-Delta was increased from $800,000 to $1,000,000 in 2010-2011. This is due to the shift of work that DWR shifted some of the work from calendar year 2009-2010 to 2010-2011. The funding agreement approved by the Board last month is also in calendar 2010-2011 so that is why there was such an increase.

Ms. Baptista stated that we have three alternatives for water rate estimates. Alternative 1 is referred to the smoothing of water rate increases. For 2009-2010 we asked for 10% conservation and we experienced a 19% reduction. This model uses 11% for 2011, which is what Director Moore was asking about earlier. Our discount was 11% and 10% for 2012 and beyond. We also used the 5-year retailer water delivery request for 2011 thru 2015 and we updated the unaudited actuals for 2009-2010 and we have a forecast for 2010-2011 and then we created a preliminary budget for 2011-2012. We have the same asset management plan assumptions as last year keeping the annual fund transfer at $5 million and wrapping up to $10 million for 2013-2014. For the water rate increases, they're averaged out to 4.5 for 4 years and then 5% for 2015.

Our 2010 water delivery projections are based on 6 months of actuals and 6 months projections. It's estimated to be 37,000 AF and in 2011 the retailers together provided 42,715 with conservation and we're using the ones with conservation. Then we listed Zone 7's projection for 2011 at 38,000. Ms. Baptista explained how we came up with the 38,000 and discussed actual deliveries v. requested in the last 5 years ending in 2010 (which is an estimate). We have requested v. delivered and this is the percentage of delivered so 37,722 is 84.3% out on 44,765. The 5-year average is 91.5%. However to develop the 2011 water rates, we used the last 12 months to come up with a 19% reduction. We delivered 36,000 AF which is 81% of the 44,501 AF requested and arrived at the 38,000. We took the retailers delivery request with conservation and discounted it another 11%. Lori Rose from Dublin San Ramon Services asked if when you look at this, it was a long wet year so this last year you're using is a bit of a worse case scenario. We're taking retailers total water requests for 2011 assuming conservation then further discounting it by 11%. Ms. Rose said that that gets you to 89%. It comes in a couple-years phases which is why we looked long and hard at this and feel comfortable using that 37,000 estimate. Ms. Baptista stated that both Livermore and Pleasanton submitted the same numbers with and without conservation. Director Figuers stated that over the last 5 years you'll see an increasing demand. Right now we're showing going out at least 5 years to 2015 still not reaching 42,000 AF. We're assuming a 10% conservation. While that sounds fine, you can't continually have a 10% conservation every year. Eventually you're saying in 10 years no one is going to be using any water because they're conserving it. So what we call conservation is just changes in the number of people, homes and houses in the area. He is wondering if long term we see a large increase in water usage, buildings, etc. He wonders if long term we will see a large increase in water usage, buildings, etc. and water rates. Director Moore stated that all general plans have to have a water element. He stated until we reach a build out, there is a finite amount of connections that we can anticipate between now and then. It's just a matter of how long it takes to get there. Director Figuers asked if when doing budgets, Zone7 plans infrastructure long term so we have enough funds to build things. But there is another way of looking at it. We could say we're not going to build plans until the cities tell us what they want and we won't go out and get the money for it until you tell us what you want. The downside would be there could be a 5 to 8 year time period where there would be mandatory water restrictions until we can get the infrastructure built to be able to provide water. That is an option for controlling water rates. Sort of like on demand construction. Rather than putting together accounts to collect the money. That is an option. Lori Rose stated it's hard because we do use funding sources. She went to a seminar and they're using this terminology called "intergenerational equity" and she thinks that is what is driving the rates. For repair and maintenance of existing facilities it makes sense to be charging your customers a certain amount each month so you can replace a facility that you currently use and rely on. But then there's a slice in your plan that if it's for system-wide improvements, then basically the strategy is you are collecting money from me right now but I may never benefit from it. That's the driver on the water rates. Director Moore said that this is a pay as you go agency. That issue was brought up 3 or 4 years ago and the reality was we couldn't afford the Altamont Pipeline and the Treatment Plant with the funds that we had. Director Figures mentioned that we need to keep in mind that if the Delta fix never goes through, we could see doubling to tripling water rates just to pay for the infrastructure.

Alternative 2 is referred to as maximizing the use of reserves. This has the same assumptions as Alternative 1 except we took Alternative 1 and we tried to maximize the use of reserves by using more of the available fund balance in order to mitigate water rate increases. So for 2011 the water rate increase for this alternative is 2%, then 5%, then 6%, then 7% and then 6.5%. The fund transfer is the same as Alternative 1. We show 2010 just for comparison purposes. We had a 9.25% water rate increase for 2010.

Alternative 3 uses no increase for 2011 but 8.5% in 2012, 8.5% in 2013, 4.5% in 2014 and 3.5% in 2015. The fund transfer for this Alternative is exactly the same as Alternatives 1 and 2 keeping at $5 million, reaching $10 million in 2013, 2014 and 2015.

In summary, Alternative 1 is smoothing of water rate increases keeping the water rate increase at an average of 4.5% as in the last two years. Alternative 2 is trying take that smoothing of water rate increases to try to maximize use of reserves which brings the 2011 water rate increase to 2%, and finally moving to Alternative 3, which is a 0% for 2011 and an 8.5% water rate increases for 2012, 2013 and beyond.

Staff met with the retailers on August 17, 2010, and their comments are noted in the agenda item as an attachment.

Director Figuers asked if we did, as the cities have suggested, what would that require the Zone to cut back on? Mr. Yue said one quick answer would be a further reduction of new replacement improvement projects.

Ms. Duerig stated that two of the big ones are to add ozone to the treatment plants and that's part of equalizing the water quality because we get some significant taste and odors coming from the treatment plants during the Summer, and another big one would be the second Demin facility which is part of the Salt Management Plan for the Valley which impacts the groundwater quality. Those are the kinds of improvements and significant projects that are in the capital improvement plan that would be deferred if you put off how much you are investing into the reserves. Those projects and other would be deferred.

Director Figuers asked if the cities would be willing to accept putting off improvements to the system and tell the citizens that we had to do this tradeoff so you're going to have to suffer a few more years with "bad tasting water?"

Director Figuers said that in these times he thinks our first priority are rates because that is what our ratepayers want and we are very sensitive to that. He also wants to know what the balance of that reserve is. Our second priority would be quality.

Mr. Yue said we do have reserves in that fund, deferring the ramp up to 7.3 to 10.4 for two years, would mean a loss of $8 million if we kept it closer to the current $5 million a year contribution. That would impact the projects.

Daniel Smith, City of Pleasanton, agrees with that. He thinks that the thing that we had suggested to the Finance Committee was that if you took Alternative 3 which obviously they like, and you deferred the $7.3 back to $5 million for 2012 and possibly adopted a 2-year water rate where it was a little more stable, we would only be deferring $2.3 million. He only remembers looking at that one year.

Lori Rose agreed with Mr. Smith that that was her recollection of what the request was and maybe by that time Zone 7 will have their new asset management plan and that will renew the discussion of long term planning. She said they did do a simple analysis of facilities in each of the agencies (water and sewer facilities). What the depreciation of those facilities are, what our transfer rates are, and is there any consistency? There was a lot of consistency. Zone 7's contributions are significantly higher than anyone else's. She's not saying maybe we're doing it right and they're doing it wrong, but she does think that there's something in there that poses the question of where's the balance? And so she thinks that will be addressed in the asset management plan. She will share that analysis with Zone 7 staff. She concurred that 2012 be stable at $5 million. She said they adopt rate plans. They were hoping Zone 7 would consider adopting a water rate for 2011 and 2012 with the understanding if something went wildly stray, you could always revising 2012, but that at least for them provides stability. She thinks it also helps everyone work within those means. When we adopt a 5-year plan, we are kind of forced to work it out.

Director Figuers asked Ms. Duerig if, to meet the retailers requests (0%, 4%, 0%, 2%), that would require postponing of various projects. What would be the dollar amount of the projects that would have to be postponed to do that?

Ms. Duerig stated that we have not done that analysis. We could consider something like this for the future but with our current budgeting and CIP approach, unless we were to adopt what you see here like a 2, 5, 6 or a 0, 8, 8, we wouldn't feel comfortable recommending something that is way off the charts and lower than any of these alternatives. We're not ready to make a recommendation right now but we might be at some point in the future.

Mr. Yue stated that all the analysis that has been done has assumed an annual water rate review. Also, when we survey the agency for water operation cost projections, they would have to address at least a 24-month period. Right now we ask for the latest up-to-date projection for the current fiscal year and then best guess on the next fiscal year and we use that data to form the expenses associated with the calendar year. In order to add one more year in, it would extend that survey period and collect more data.

Assuming Alternative 3 is accepted for 2011, the cities are requesting that water rate increases for 2012 also be at the lower end range. For us to do that in our current system, you would start now or whenever the budget year starts. That would give you 6 months or so to be able to put forth a plan so the Board can see it.

Director Moore stated we went through this last year when we presented with double digit increases and in the alternative we came back and said that wasn't happening and we ended up with 9.25 recognizing that with the amp that we were trying accomplish something a stable infrastructure, proper planning so that we would have the right capacity to deliver water when it was needed for at least for that 5 to 10 year period. We had a pretty rough year and mentioned at the staff retreat last month that zero had to be on the table, there's no question. But he's not so sure that a 0,8,5 isn't going to work next year either but right now we're talking about the water rates for 2011 which is a zero. So rather than do a two-year plan which we are not prepared to do, he does not foresee that 8.5 because that's assuming operations are the usual and he doesn't see that number being that. He thinks its probably closer to 4. Particularly if the Board took action to change the amp once we get the study. To get it maybe a 4 if the amp is pushed back 2 years. And maybe even further down to a 2 through cost savings or whatever we need to do. There is the intent that we're not looking anywhere close to 8.5 next year. Whatever it takes to get us down to something that's reasonable within what you're talking about.

Daniel Smith said they were thrilled to see that zero on the table. Their projection wasn't anywhere close to that so congratulations on that and don't think we don't recognize that. Just your commitment to work with us on some of those issues for 2012 that's great than zero is more than we anticipated.

Director Figuers asked if had a signed contract with the City of Pleasanton and Ms. Duerig stated we do not.

Director Figuers said we are working with the City and it needs to get resolved. Daniel Smith from the City of Pleasanton said he'd be glad to work with Zone 7 on that.

If we are going in with no rate increases, it will involve postponing projects and not improving water taste and quality and you need to be prepared to say that this was a conscious decision by both the City and the Zone. It was decided that everyone was on board with this.

Director Moore moved that Alternative 3 with a 0% for 2011 be forwarded to the full Board for discussion on September 15, 2010. Director Figures seconded the motion and all three Board members voted in favor of the recommendation.

It was stated the rate increases when they come will be large.

Mr. Yue stated that the in-lieu water rates have not been needed or used because it relies on available water. And during the dry years it is not available to use; however, we anticipate availability of surface water and that is why we wanted to put this rate in place so that we could encourage preservation of the groundwater.

JaVia Green, Staff Analyst, discussed in-lieu treated water rates, including that the actual calculations of the rates and in-lieu water is treated water that the retailers purchase from Zone 7. The rate was established in 1993 to encourage artificial recharge of the groundwater basin when there is surplus water available. Currently Zone 7 plans to produce more surface water in order to replenish the groundwater basin. In establishing this rate for 2011 in the event that there is surplus surface water, the retailers, in lieu of pumping their independent groundwater, can purchase this in-lieu water at a rate of $98.00 per AF, which is very close to the rate of pumping groundwater. The rate is comprised of Del Valle and Patterson Pass power and chemical costs. It is anticipated that around 5,000 AF will be provided at a rate of $98.00 per AF.

Ms. Duerig said Zone 7 takes a bit of a loss on it and Zone 7 won't make it available unless it really helps us to manage the groundwater basin. If all the pumping is in one place and we want to encourage recharge by turning off some of the wells and we've already turned off all our wells and we're looking for more to turn off, this would be something like that. We could establish the rate but never make it available.

There was a motion by Director Moore to approve the 2011 in-lieu treated water rate and to take it to the Board with a recommendation for approval if it's available, and that it be made available at $98.00 AF. Director Machaevich seconded the motion and it was approved with a unanimous vote of 3-0.

Ms. Green stated that the 2011 Untreated water rate is comprised of Byron Bethany Irrigation District costs, the cost of Del Valle Water Rights, and the Yuba Dry Year Purchase Program. The rate also included the State Water Project Transportation Variable Unit Cost, which has been offset by a rate management credit that has been for both untreated and treated water customers of $704,000, which has been spread equally among untreated and treated water customers. It also includes Zone 7 and Delta related costs and Zone 7 staff costs for managing the untreated water program. The rate for 2011 is proposed at $97.00 per AF.

It was discussed that the rate was based on the water volume. It was mentioned that the current untreated water rate is $175.00 AF. Ms. Duerig stated that it varies significantly. The year before it had been $140.00 AF. Because we have no rate buffering, it's all a pass-through calculation.

Mr. Yue stated that one of the line items that was dropped was Zone 7 staff costs. Ms. Duerig stated that it is likely to go up again next year because we always do that based on past time and we are going to have to renegotiate all our untreated contracts, which is going to take a lot of both staff and legal time. We have a lot of sun setting in December so you will see it pop back up. Director Figuers asked how long the BBID contract is good for. Ms. Duerig stated that we just extended it and now it's good through 2030 or 2035. It carries us through the Urban Water Management Planning horizon. The rates were increased when we extended it.

There was a motion by Director Machaevich to adopt the 2011 untreated water rates and to take it to the Board with a recommendation for approval. Director Moore seconded the motion and it passed with a vote of 3-0.

3. Staff Reports – Verbal

a. Update on the Installment Sale Agreement (ISA) with Wells Fargo Bank

Mr. Yue gave a verbal report on the Installment Sale Agreement (ISA) with Wells Fargo Bank. In January 2008 Zone 7 established a credit line of $60 million for bridge funding of the Altamont

Water Treatment Plant Project and related pipeline project. In February 2010 Zone 7 requested an advance of $30.5 million for costs incurred doing the Altamont Pipeline Livermore reach project. That leaves $29.5 million of the credit line unused. Our current planning outlook on Capital Projects through December 31, 2013, when the ISA expires, does not anticipate any significant projects requiring such rich funding. Since Zone 7 is charged by Wells Fargo a commitment fee of five basis points from each quarter for the unused portion of the credit line, staff is proposing a recommendation to the September Board to return the unused credit line to Wells Fargo to avoid a fee charge of $14,750 per quarter. Director Moore stated that we have a balance available and none of our projects qualify so we basically have an equity line that we can't use that we are getting charged for. The idea is to close out that piece that we can't use to avoid getting charged $14,750 a quarter. It was stated that the agreement with Wells Fargo was for Altamont only. Mr. Yue stated that the second part is that in May, the Wells Fargo Credit Manager over this ISA contacted staff to discuss the revenue covenant. The ISA obligates Zone 7 the set and collect rates fees and charges for the water enterprise. The net revenue from water operations, capital improvement and the expansion funds is sufficient to meet payments under the ISA and other debt combinations. Wells Fargo looked at Zone 7's June 20, 2009 year-end financial statements and alleged that the net revenue was $2.5 million in the negative and therefore defaulted the ISA. We showed Wells Fargo a $15.6 million positive number. We continued to dialogue with Wells Fargo and collected independent supporting information for our interpretation. We got some professional opinions from the financial advisor along with an opinion from an independent auditor. We shared those opinions with Wells Fargo on August 2nd. Mr. Yue stated he got a phone call from Wells Fargo saying they accepted our interpretation of the 2009 net revenue.

Director Moore said he was okay with it and therefore no action is needed.

b. Update on the Del Valle Solar Project

Mr. Yue then stated he had an update on the Del Valle Solar Project. Renew Technologies, Inc. entered into a purchase agreement with Zone 7 to install and operate a 3300kw solar energy system at the Del Valle Water Treatment Plant. RTI was going to install the system at no cost to Zone 7 and in return we were to buy the solar power generated by RTI at agreed upon price. The purchase agreement was for a term of 20 years with a first year rate of $0.125 per kwh. RTI has completed portions of the project. The remaining portions include all of the solar panels, supporting structures, wiring and final commissioning of the system. On August 13th RTI notified staff that they have failed to obtain the additional financing necessary to conclude the project. Zone 7 gave notice to RTI of this default and staff is discussing contract termination with RTI and working out a settlement for the portion of work that RTI has completed. A new solar provider that we are looking at for a new PPA would join the discussions in determining how much existing work RTI has completed and how that might be settled. Staff have been in contact with 4 major solar providers to discuss completion of the solar project. Since the agreement with RTI was entered in 2008 the price of solar panels has come down dramatically and preliminary indications so far indicate that we should be getting proposals with more favorable terms than with original PPA with RTI. However one of the key factors in any new PPA would be the successful extension of the CSI solar rebate that's managed through PG&E, which Zone 7 applied for and obtained back in 2008. A tentative schedule for staff would be to issue an RFP for new PPAs in early September and then present to the Board some time in November the selected PPA. Project completion is potentially in

Spring 2011. Ms. Duerig stated that RTI wants to sell the existing infrastructure to the new provider so they can recover some costs. It would be between the two providers. RTI is in default and we don’t have to pay anything. Mr. Yue said that the RFP would be a competitive process. Mr. Gambs stated that RTI had a similar experience with Oro Loma and they went through the process so it has already done before. No action is necessary.

Mr. Yue was asked if the costs we incurred to renegotiate will come back to us? Mr. Yue stated we would not assume any costs from RTI. Probably the only cost we would incur would be if we would pursue reimbursement on those costs. If we could recover those costs it would be to the benefit of the public.

No further issues or comment.

Meeting was adjourned at 5:25 p.m.