



legal budget for the year was greatly increased in anticipation of a lawsuit with the water rights investigation, however, one never occurred.

The two areas audited and presented by Mr. Brandt were, 1) the Case Management Conference, 2) Form Interrogatories.

1. Case Management Conference – Mr. Brandt indicated that this action required completion of a standard form and in his opinion would not take more than an hour to complete. The total amount billed by Nossaman for completing this form is \$15,980.85. Appearing at the court could have been done with a “Court Call” at a cost of \$70 – Nossaman’s bill was \$1458 for a total of \$17,438.85.
2. Form Interrogatories – Nossaman charge 6.40 hours at a cost of \$2,275.20 for this task. In Mr. Brandt’s opinion, this task should have taken no more than 10 minutes.

Mr. Thomas suggested Mr. Brandt compose a letter to special counsel that would then be signed by the President and the General Manager advising of the findings. Mr. Brandt was receptive to the idea.

Mr. Moorrees stated that SAWCo could have a full audit on special counsel’s billing every year or every other year based on the legal audit firm’s cost.

Mr. Brandt recommended trying to get some reimbursement from special counsel due to the extent of the overbilling. Some tasks that should have taken ten minutes to complete were billed as taking over six hours to finish.

The committee thanked Mr. Brandt for his time and effort in providing this report.

Mr. Brandt exited the meeting at 3:45 p.m.

The committee discussed whether or not it would be advisable to have Nossaman respond to these charges or recommend the Board explore the benefit of performing a legal audit periodically once every two years. Staff was directed to look into auditing firms.

- B. *Personnel – Policy for Technology Allowance*** – It was suggested that this item be deferred to the General Manager for approval. Mr. Cable stated that his company still issues phones to its employees for the ease of obtaining the phone records should government agencies or the company itself need them for an investigation.

It was suggested that an agreement be signed that phone records can be requested on the employee’s personal phone should they forgo a work phone and choose to use a technology allowance to use their personal cell phone for work purposes.

There was consensus on the committee to allow the General Manager to decide if a technology allowance was in the company’s best interest.

- C. *Comparative Income Statement for Six months ending June 30, 2012*** – Ms. Sundell stated that Director Will Elliott had requested this information. Mr. Moorrees inquired as to whether the committee wished to provide this information to the Board as presented.

There was consensus on the committee to provide the Comparative Income Statement in the next Board packet and recommend it replace the previous Income Statement spreadsheet.

- D. Amend the By-Laws to include the General Manager's role** – Mr. Moorrees explained that Article V of the Bylaws identifies officers of the Water Company and associated roles. It currently identifies the President of the Water Company as the Chief Executive Officer of the Corporation with “general supervision, direction and control of the business of the officers of the corporation.” The General Manager is not identified in the bylaws.

Mr. Bozar questioned the area on the Organization Chart that mentioned a Superintendent. Mr. Moorrees stated that it is a vacant position that he is working with the current field lead person to fill.

Mr. Moorrees presented two options that had been discussed with legal counsel. Either choice would require additional legal review before being presented to the Board for approval.

**Option 1:** Allows the Board to elect a Chairman of the Board and Vice Chair. This would allow the Board to elect the General Manager as the President/CEO as currently described.

**Option 2:** Provides a separate description for the General Manager with a list of authorities sanctioned by the Board to incorporate in this section. The General Manager would still need to be designated as the Chief Executive Officer/CEO. Therefore “Section 5.07 President” would be revised as follows:

**Section 5.07 President.**

Subject to such supervisory powers, if any, as maybe given by the Board of Directors to the Chairman of the Board, if there be such an Officer, the President ~~shall be the Chief Executive Officer of the Corporation and~~ shall, subject to the control of the Board of Directors, have general supervision, direction, and control ~~of the business and~~ the Officers of the Corporation. He shall preside at all meetings of the Shareholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of President of a Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

And Section 5.11 describing the General Managers role would be added as follows:

**Section 5.11 General Manager.**

The General Manager shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, and the general supervision of the President, have general supervision, direction and control of the business.

Ms. Sundell expressed some confusion with the roles of the Chairman of the Board and the CEO. Mr. Thomas recommended keeping the term chairman in the bylaws but more so as another term for the Presidents role and the term Chief Executive Officer (CEO) for the role of the General Manager.

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There was consensus on the committee to utilize Option 2 for updating the bylaws.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.

Adjournment: The committee determined there was no further business and adjourned the meeting at 4:12 p.m.

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Assistant Secretary  
Charles Moorrees