

EAGLE SEWER DISTRICT

August 11, 2008

Regular Monthly Meeting

6:00 p.m.

Minutes

I. Roll Call

Chairman Jim Brooks called the meeting to order at 6:00 p.m. Board members present: Ed Hendershot, Jim Gruber, Jim Brooks, Chuck Ferguson, and Erv Ballou. A quorum is present.

Consultants present: Phil Johnson, P.E., MWH; and Evan Robertson, legal counsel.

Staff present: Lynn Moser, General Manager; RJ Lake, Operations Manager; and Lynne Sedlacek, Business Manager.

II. Approval of Minutes

Gruber moved, Hendershot seconded, to approve the minutes of the July 14, 2008 Regular Meeting. The motion passes unanimously.

III. FY 2007 Audit Report/Jo Bolen – Gibbons, Scott & Dean

Jo Bolen briefly recapped the Fiscal Year 2007 audit report. She explained that new auditing standards require that any issues deemed to be a “material weakness” must now be put in writing. Two comments regarding material weaknesses were included in the 2007 audit report. Brooks thanked Bolen for her assistance to staff over the last year and especially in helping set up the required accounts for the Bond Bank loan. Brooks stated he would like to discuss the audit again later in the meeting.

Brooks then deviated from the agenda to hold the Public Annexation Hearing:

V. Public Hearings

A. Annexation Request/DBSI Peacock-129 LLC – Kastera Development, through their real estate company: DBSI Peacock-129, LLC, is requesting annexation of 127.57 acres located north of Floating Feather Road, between Lanewood Road and Palmer Lane. The proposed use of the property is a residential subdivision. Brooks opened the public hearing.

The project was represented by Doug Unger of Matrix Engineering, 960 W. Bannock, Boise, Idaho, 83702. Unger stated that the developer is now proposing a mixed-use development with both residential and commercial units. They are seeking their development approval from Ada County rather than the City of Eagle.

Moser reported that the District has been utilizing the densities in the Eagle Comprehensive Plan to calculate line capacity. The densities proposed in this development are higher than what is called for in the Eagle Comprehensive Plan. This area was planned to be served through the 10-inch sewer line located in the Legacy development. The higher density can be accommodated,

but if there is an increase in density, the developer will need to build new sewer lines from their project to the new Palmer Lane liftstation. Unger stated that if they are given approval for higher density, the developer will build the necessary sewer lines. There was no other discussion and Brooks closed the public hearing. Ferguson moved, Gruber seconded, to accept the annexation application and authorize the attorney to prepare the annexation order for the property described in Exhibit A and subject to the conditions listed in Exhibit B. The motion passes unanimously.

FY 2007 Audit Report, continued:

Brooks then directed the discussion back to the Fiscal Year 2007 audit: Brooks referred to the two comments itemized on the bottom of page 17 of the audit report and asked Bolen to better explain why these issues are considered to be material weaknesses and how the District could remedy the situation.

In regard to the first comment, Bolen stated that of all the audits she conducts each year, only two entities are large enough to employ trained accountants. These two entities prepare their own audit report that is then reviewed by Bolen. In the case of the District, like many of her clients, Gibbons, Scott and Dean actually prepare the audit report. Bolen stated that this is a material weakness that needs to be presented in the audit.

She stated that the small size of Eagle Sewer District's office staff requires each staff member to do multiple tasks, but that also means that there is an inadequate segregation of duties. This is defined as a material weakness and that is the reason the second comment is given.

After substantial discussion, Brooks asked Gruber to draft a response letter on behalf of the Board to address the two comments listed in the audit. Gruber will meet with Bolen, Moser, and Sedlacek to go over the District's current internal control practices. Sedlacek will not distribute the audit reports until the Board's official response to the audit has been prepared.

IV. Reports

A. Eagle City Council/Norm Semanko – Semanko reported the council is in the middle of their budgeting process. The public hearing for the budget is scheduled for August 19. The North Ada County Foothills Association arranged for each council member to tour the foothills north of Eagle. Semanko stated the visit was "enlightening." An intertie between the Eagle Water Company's system and the municipal system has been completed. This was done under a contract between Eagle Water Co., and the City of Eagle. This contract includes a first right of refusal to buy Eagle Water should it ever be sold. The City will also have the first right of refusal on any water shares that Eagle Water may wish to sell. If Eagle Water does decide to sell, the contract also contains a provision that would allow the City time to go to a bond election to finance the purchase.

B. ESD Board Directors: The reports were skipped.

C. Operations Report/RJ Lake – Lake reported that the total plant flow for July 2008 was 50,220,000 gallons with a daily average of 1.62 million gallons per day. The SCADA (Supervisory Control and Data Acquisition) system is being programmed and is almost complete. The Operations Building expansion project is underway and the foundation has been poured.

V. Public Hearings

A. Annexation Request/DBSI Peacock-129 LLC – This hearing was held earlier in the meeting.

B. FY2009 Budget – Brooks opened the public hearing. Moser reported that the proposed budget was put together by the budget committee consisting of Board members Jim Brooks and Jim Gruber and staff members Moser, Lake, and Sedlacek. Moser referred the Board to his budget overview memo that was included in the Board's meeting packet. There was no one from the public in attendance. Ballou asked about the proposal to hire another person at the plant. Moser stated this would be an entry-level, line-maintenance person. Brooks closed the public hearing. After brief discussion, Gruber moved, Ferguson seconded, to accept the Fiscal Year 2009 Budget as presented. The motion passes unanimously.

VI. Unfinished Business

A. Progress on Palmer Road Lift Station – Johnson reported that the project is slowly, but surely, "moving out of the hole." The project is now only 20 feet below grade. Johnson said that the contractor is doing a good job executing the work and the project is on schedule. In two weeks they will be shutting off the dewatering pumps to test the lower level of the structure to ensure that it is water tight.

B. Tri Cedars Management Property Contract – Robertson reported that the purchase contract extension has been signed and the District is in receipt of a cashiers check for the \$85,652 due to the District for Tri Cedar's portion of the property line landscaping. Brooks noted a discrepancy in a date listed in the recitals of the contract. Robertson will investigate and correct the date if needed.

C. Miscellaneous – None

VII. New Business

A. None

VIII. Ratification of Claims Paid Against the District

Ferguson moved, Ballou seconded, to ratify the claims paid against the District. The motion passes unanimously.

IX. Adjournment

Ferguson moved, Ballou seconded, to adjourn the meeting. The motion passes unanimously. The Regular Meeting adjourned at 7:35 p.m.

Respectfully submitted:

Lynne Sedlacek