

EAGLE SEWER DISTRICT

March 10, 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: Ed Cryer, P.E., and 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

Ferguson moved, Ballou seconded, to approve the minutes of the February 11, 2008 Regular Meeting and the February 21 Special Meeting. The motion passes unanimously.

III. Reports

A. Eagle City Council/Norm Semanko – Semanko's report was heard after item V. D1.

Semanko reported that he had informed the council of the District's plan to prepare a presentation for the council. Semanko felt the presentation would be helpful to the council. The presentation is scheduled for April 8th. There was brief discussion regarding the City of Eagle's LID 2007-1

B. Operations Report/RJ Lake – Lake reported that the bypass pumps were shut off on February 11th and on February 20th the lagoons were full and the District resumed pumping to Boise. The flow average over an eight-day period was 1.41 million gallons per day. All the air-release valves (7) on the main trunk line have been replaced. Four of the aerators have been reinstalled into the lagoons. There was a pump failure in the Old Valley liftstation, but the pump was still under warranty and the pump will be back on line next week.

IV. Public Hearings

A. Annexation Request for 4149 State Street, LLC – 4149 State Street, LLC is requesting annexation of approximately 2 acres located on the southwest corner of State Highway 44 and Old Valley Road. The proposed use is a commercial subdivision. Brooks opened the public hearing. Tim Snooks, 562 S. River Vine, Eagle, a partner in the project, represented the project. Moser stated the trunk line in Old Valley Road will serve this proposed project. There was no other written or oral testimony and Brooks closed the public hearing. Ferguson moved, Gruber seconded, to approve the annexation request with all the conditions of approval. The motion passes unanimously.

Annexation Request/Eagle Gateway Development, LLC – Eagle Gateway Development, LLC is requesting annexation of 14.13 acres located on the southeast corner of State Highway 44 and Riverside Drive. The proposed use is a commercial development. Brooks opened the public hearing. Steve Spickelmier of McMillan Engineering, 910 Main Street, Boise, 83706 represented the project. The first phase of this proposed development is commercial only. Moser stated the property will be served to the west through the Lonesome Dove property. There was no other written or oral testimony and Brooks closed the public hearing. Ferguson moved, Ballou seconded, to approve the annexation request with all the conditions of approval. The motion passes unanimously.

V. Unfinished Business

Idaho Bond Bank Financing/Bill Jerrel – Eagle Sewer District had anticipated using the Idaho Bond Bank to secure the \$6.5 million loan recently approved through judicial confirmation. The Idaho Bond Bank loans are underwritten by Seattle Northwest Securities Corporation (SNW). Due to recent market conditions, the bond sale has been delayed. Bill Jerrel and Eric Heringer of SNW were present to outline the reasons for the delay. Heringer reported that at the time SNW was ready to market the bonds, the interest rates were rising so rapidly that SNW could not meet the District's parameter of an interest rate not to exceed 5%.

Heringer reported that the interest rates have now stabilized and currently sit at 4.69%. After some discussion, Ferguson moved, Gruber seconded, that the District move forward with the bond sale as long as the parameters are the same as originally proposed. The motion passes unanimously. The signing date is tentatively scheduled for this Wednesday, March 12, 2008.

MWH Report on Facility Plan Progress – Ed Cryer reported that Cyndy Bratz has taken other employment. The draft facility plan is going through internal review at MWH and a draft will be provided to Moser before the next meeting. Cryer anticipates the final draft will be completed in May. Cryer reported that with Bratz's departure, Phil Johnson will now be the project manager on the ESD's Headworks Project.

Tri Cedars Management Property Contract – This matter has been discussed in Executive Session at the Board's December 10, 2007 and January 14, 2008 meetings. It is the District's position that Tri Cedars Management Property is in default of the Real Estate Purchase and Development Agreement between the ESD and Tri Cedars management Co., LLC. Robertson has sent correspondence to Tri Cedars affirming the District's position. Ed Priddy, a principal in Tri Cedars Management has sent the Board a letter that outlines a proposed modification of the Tri Cedars Contract with the Eagle Sewer District.

Brooks deferred this subject to be discussed in an Executive Session scheduled for the end of tonight's meeting.

Miscellaneous

Headworks Project – Moser asked the Board to consider the Headworks contract prepared by MWH. Moser stated that due to the emergency status of this project and the favorable bidding environment, it is important that the District move forward with this project as soon as possible. Cryer reported that the design engineers are still on schedule, but that it will take a while to bring Johnson up to date. Cryer does not anticipate the change in project managers to create a problem with the project schedule. Cryer stated that there will not be any additional cost to ESD for the time taken to update Johnson on the project. Ballou moved, Gruber seconded, to accept Task Order No. 6 of the MWH Master Consulting Services Agreement as presented. The motion passes unanimously.

Dry Creek Ranch Update – Moser reported that due to the District's concerns regarding the phosphorus limitations in the Dry Creek Ranch NPDES permit application, the representatives of Dry Creek Ranch have decided to go exclusively with land application of their effluent. Robertson stated that there are still several issues that need to be resolved. Robertson is most concerned about making sure that there is always a place to land apply the effluent. Robertson and Moser will continue to work on the proposed contract.

VI. New Business

ESD Presentation to the Eagle City Council – Brooks, with the help of MWH, has prepared a PowerPoint presentation for the Eagle City Council. The main purpose of the presentation is to give the new city council members a better understanding of the District's operations. Brooks gave the presentation to the rest of the Board. Brooks reminded the Board that the presentation will be given to the Eagle City Council on Tuesday, April 8 at 6:30 p.m.

MWH Consulting Services Agreement/Task Order No.5, Change Order No. 1/Palmer Lane Lift Station - The Change Order pertains to the additional field and office staff time associated with extending the construction schedule from 365 days to 450 days. The total project schedule for Task Order No. 5 will be increased by 3 months. The total compensation to MWH will be increased by \$33,763, and shall not exceed \$518,876 without written prior agreement. After some discussion, Ferguson moved, Gruber seconded, to approve Change Order #1 to Task Order #5 of the MWH Master Consulting Service Agreement. The motion passes unanimously.

Set Hearing Date/Proposed Connection Fee Increase – Moser and Johnson presented the updated Connection Fee tables that reflect the changes and improvements made since the 2006 update. The new proposed connection fee is \$4635. The additional fee of \$713 for the Western Regional Liftstation will still be assessed. Discussion: Hendershot and staff will arrange to meet with the Building Contractors' Association to inform them of the proposed connection fee increase. The Public Hearing will be held on April 14 at 6:00 p.m.

Establish Public Hearing/Reopen FY2008 Budget – Moser reported that with the successful outcome of the District's request for Judicial Confirmation, the FY2008 budget needs to be reopened to account for the additional loan money and to fund the plant emergency repair expenditures. After some discussion, Ferguson moved, Hendershot seconded, to reopen the Fiscal Year 2008 budget and hold the hearing with the May 12 Regular meeting. The motion passes unanimously.

Annexation Resolution 08-03: Eagle/Ada County Sports Park – Ada County is requesting a public hearing to consider the annexation petition for 84.91 acres. This is the Eagle/Ada County Sports complex. The purpose of the annexation request is to secure central sewer service to the Sports Park. Ferguson moved, Ballou seconded, to approve Resolution 08-03 and hold the Public Annexation Hearing on April 14, 2008 at 6:00 p.m. The motion passes unanimously.

City of Eagle LID 2007-1/Eagle Sewer District Assessment Notice – A copy of the assessment notice was included in the Board packet. The assessment is for the ESD office building. The assessment amount is \$3,430.15, or \$3773.17 if paid in installments. Sedlacek stated that an assessment bill has not been received for the property at the treatment plant.

Robertson stated that he will check the statutes, but he does not believe the City of Eagle is correct to assess the LID against the District property, and the City would have no authority to file a lien against the District. Brooks requested Robertson follow up on a possible assessment against the plant property and the status of assessing the LID against any of the District property.

Proposal to Replace Operations Vehicle – Moser and Lake reported that this vehicle will replace the current "duty" truck. Lake stated this is the vehicle that goes home with the on-call personnel and it gets more miles on it. The District will get \$12,250 for the trade-in vehicle and with the state contract and the trade-in, the total cost for the truck will be \$9594. Hendershot moved, Gruber seconded, to approve the purchase of the replacement vehicle for the plant. The motion passes unanimously.

Miscellaneous - None

VII. Ratification of Claims Paid Against the District

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

VIII. Executive Session

Pending Litigation – Tri Cedars Management

Ferguson moved, Gruber seconded, to take a 5-minute break and then go into Executive Session to discuss threatened litigation and a pending real estate transaction. Brooks requested a roll-call vote: Hendershot-aye; Gruber-aye; Brooks-aye; Ferguson-aye; Ballou-aye. The motion passes unanimously.

The Regular Meeting adjourned at 7:55 p.m.

Respectfully submitted:

Lynne Sedlacek