

EAGLE SEWER DISTRICT

July 9, 2007

Financial Workshop

4:00 p.m.

Minutes

Roll Call

Chairman Michael Gifford called the workshop to order at 4:05 p.m. Board members present: Ed Hendershot, Jim Brooks, Michael Gifford, Chuck Ferguson, and Erv Ballou. A quorum is present.

Consultants present: Cyndy Bratz, P.E. AND Larry Bennett, P.E., MWH; and Evan Robertson, legal counsel.

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

Fiscal Year 2006 Audit Report

Jo Bolen of the accounting firm Gibbons, Scott and Dean, LLP presented the FY2006 Audit Report. Bolen reported that ESD has implemented good internal controls over the financial system and there were no problems detected. There was discussion on a penalty associated with the tax rollover accounts. There was discussion on the District's increased operation costs. The expenses are increasing faster than revenue. Ferguson moved, Brooks seconded to accept the fiscal year 2006 Audit report. The motion passes unanimously.

Funding Discussion – Capital Repair and Replacement

Moser presented two handouts that split out the District's projected capital repair costs. The first handout listed projects that need to be completed in the next 12 to 24 months. These costs appear to meet the "ordinary and necessary" designation should the District decide to expedite the funding through the judicial confirmation process. The second handout listed the additional capital projects that will be needed through the FY2010 budget year.

There was brief discussion regarding the Loomis court case and the resulting decision that impacts the way the connection fees can be expended.

Robertson presented his memorandum regarding the time line and necessary documentation needed for the judicial confirmation process. Gifford directed the engineering staff to expedite the headwork's design, so that the construction can be completed within fiscal year 2008. The engineering firm and ESD staff were also directed to prepare a white paper that will explain the urgency of completing the designated capital repair projects. This white paper will be used to solicit funding for the projects and to better explain the projects to the District's customers. It is important that the District customers understand that the designated costs are for the repair and replacement of the existing facility and not the result of growth.

Respectfully submitted,

Lynne Sedlacek