

MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF TRUSTEES  
COTTONWOOD IMPROVEMENT DISTRICT

DATE: July 17, 2019  
PLACE : Cottonwood Improvement District Office  
TIME: 3:00 P.M.

PRESENT:  
Mark Katter, Chairman  
Wesley Fisher, Trustee  
Kim Galbraith, Trustee  
Greg Neff, General Manager/Engineer  
Lonn Rasmussen, Assistant General Manager/Operations Supervisor  
Spencer Evans, Chief Financial Officer  
Jeremy Cook, Attorney for the District  
Jami Phillips, Board Secretary

Public: A list of public in attendance is attached to and thereby made part of these minutes.

At 3:00 p.m., Mark Katter called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE JUNE 19, 2019 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Regular Board Meeting held on June 19, 2019."

MOTION BY: Kim Galbraith  
SECOND BY: Wesley Fisher  
FOR: Kim Galbraith, Wesley Fisher, Mark Katter  
AGAINST: None

ITEM 2: PUBLIC COMMENT

None.

ITEM 3: FINANCIAL INFORMATION

(A) DISBURSEMENTS

The outdated District server was replaced and updated. Wesley Fisher asked if the District data is backed up offsite; the District data is backed up locally and offsite. After review and discussion, a motion was made "to approve and ratify the June disbursements."

MOTION BY: Wesley Fisher  
SECOND BY: Kim Galbraith  
FOR: Wesley Fisher, Kim Galbraith, Mark Katter  
AGAINST: None

## (B) FINANCIAL STATEMENTS

Copies of the unaudited financial statements as of June 30, 2019 were provided to the Board for their review.

### ITEM 4: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Chairman Mark Katter said there is a lot of construction happening at Central Valley. The nutrient removal design project is being done. CVWRF staff is reviewing the 90% plans for the electrical design. The civil mechanical packages for the 90% plans will be completed in the next few weeks.

The sewer revenue bond was closed on June 27, 2019. Chairman Katter reported that a financial advisor from Lewis Young, Robertson and Burningham, along with a representative from the bond underwriting firm, George K. Baum, discussed the timing of the bonds, which are good because the interest rate is low. Spencer Evans said the true interest cost of the bond issued is 2.79 percent; the par value of the bonds is \$35.4 million, along with a \$6.3 million dollar premium. A portion of that premium will go into the debt reserve fund. The remaining funds will go into the construction funds.

During the excavation of the South Interconnect project, as discussed last month, Uranium mill tailings were discovered. Chairman Katter reported that cost solutions were discussed; there will be two phases. Phase 1 will be material profiling and characterization, permitting, procurement of the super sacks with COP Construction. Phase 2 of Energy Solution's work includes transport and disposal of the excavated material. There are two steps in Phase 2: the handling of the stockpile, shoring, excavation and segregation. The cost for COP Construction in Phase 2, Step 1 is not to exceed \$146,000. Phase 2, Step 2, is not to exceed \$760,000, for a not to exceed total amount of \$906,000. The cost estimate for Energy Solutions is \$2.1 million. Greg Neff reported that CVWRF will separate the large rocks from the small material so they don't have to pay disposal of the large rocks. Test holes will be drilled prior to future excavations to make sure there isn't any uranium in other locations.

Approval was made on a \$230,000 estimate for a Modicon M580 PLC based system, for the cogeneration switchgear control system. This is part of the engine replacement for the engines that generate electricity from the natural gas.

The public hearing for the 2020 budget was approved for October 16, 2019 at 6:00 PM.

Greg Neff reported on the CVWRF manager's meeting. The new CVWRF bond funded on July 2, 2019. The state is reviewing the loan application now for the CVWRF state loan bond, along with the public hearing to be held on October 23, 2019 at 3:00 PM. The public hearing notice will need to go out on the billing to each of the member entity patrons. Fleet cost savings was discussed. Collection system manholes are being rehabilitated. Side stream phosphorus removal procurement is a big process of what is being spent at Central Valley and approval will be needed in the next CVWRF Board meeting. Wesley Fisher asked if there is or could be a spreadsheet that reflects all of the CVWRF rebuild projections, change orders and actual costs to help the Board understand, monitor and to make good informative decisions. Spencer Evans said since 2016 CVWRF has prepared a 20-year forecast with the rebuild anticipated cost. The spreadsheet has a column for each year and breaks the years into anticipated scheduled projects. This spreadsheet is updated periodically and sent out to the entity managers; Spencer compares the total costs with the previous spreadsheet to see if there are any changes. Spencer has reached out to CVWRF's CFO about creating a one-page summary of past, present and future estimated costs. A copy of the CVWRF public hearing notice is attached to and thereby made part of these minutes.

### ITEM 5: MANAGEMENT REPORT (A) RATE PROJECTION SCENARIOS

As discussed in the June 19 Board meeting, Spencer Evans put together a summary page showing different scenarios of rate increases and times projecting dollar amount reserve numbers through 2025. This summary forecast assumes a 2023 bonding with CVWRF. There was discussion again regarding revenue coming from service fees versus property taxes and the possible combination of

both. Bruce Blanchard of 8802 Shady Meadow Drive spoke up and said that service fees hurt the poor the most. There was some discussion regarding a reasonable reserve amount for the District at the end of 2025. In 2018, the District finished a two-year project and spent approximately \$2.5 million to replace just under a mile of pipe. Nutrient removal is over half of the total CVWRF rebuild cost; the design for this project is approaching 90 percent. When the design is complete, it will go out for bid by the end of this year, which will give the District a better understanding of the actual cost, rather than the projected cost.

ITEM 6: BOARD REPORT

None.

ITEM 7: INFORMATION ITEMS  
(A) DISTRICT SUMMER PARTY

ITEM 8: CLOSED SESSION TO DISCUSS LITIGATION

A motion was made "to move into a closed session to discuss pending and imminent litigation."

MOTION BY: Wesley Fisher  
SECOND BY: Kim Galbraith  
FOR: Wesley Fisher, Kim Galbraith, Mark Katter  
AGAINST: None

ITEM 9: CLOSED SESSION FOR THE PUPOSE OF DISCUSSING THE CHARACTER,  
PROFESSIONAL COMPENTENCE, OR PHYSICAL OR MENTAL HEALTH OF AN  
INDIVIDUAL

A motion was made "to move from the closed session back into the regular Board meeting."

MOTION BY: Kim Galbraith  
SECOND BY: Wesley Fisher  
FOR: Kim Galbraith, Wesley Fisher, Mark Katter  
AGAINST: None

At 4:47 p.m., a motion was made "to adjourn the regular Board meeting."

MOTION BY: Kim Galbraith  
SECOND BY: Wesley Fisher  
FOR: Kim Galbraith, Wesley Fisher, Mark Katter  
AGAINST: None

PREPARED BY: Jami Phillips, Board Secretary