

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
THE TOWN OF CAREFREE, AZ UTILITIES COMMUNITY FACILITIES DISTRICT
AND THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC.**

WHEN: TUESDAY, SEPTEMBER 7, 2021

WHERE: ZOOM WEB

TIME: 4:00 P.M.

Attending

Chairman Les Peterson

Absent

None

Board Members:

John Crane
Vince D'Aliesio
Tony Geiger
Stephen Hatcher
Cheryl Kroyer

Also Attending:

Greg Crossman, District Manager and Water Company General Manager; Gary Neiss, Carefree Town Administrator; Michael Wright, District and Water Company Attorney; Tracy Grunden, CVL Consultants; Ken Kawamoto, Achen-Gardner; Kandace French Contreras, District Clerk and Water Company Secretary.

Chairman Peterson opened the meeting at 4:00 p.m. and explained that the meeting was originally scheduled to be an in-person meeting, but due to the rise in COVID cases in the area, was rescheduled as a Zoom meeting. He thanked everyone for their understanding.

AGENDA

ITEM #1 Approval of the July 06, 2021 UCFD/CWC meeting minutes.

Chairman Peterson announced the agenda item and asked if there were any questions or changes to the minutes. There were none.

Board Member Kroyer moved to approve the July 6th minutes as presented. There was a **second** by Vice Chairman Crane. The motion **carried** unanimously.

ITEM #2 Approval of the July 27, 2021 UCFD/CWC meeting minutes.

Chairman Peterson announced the agenda item and asked if there were any questions or changes to the July 27th minutes. There were none.

Board Member Kroyer moved to approve the minutes as presented. There was a **second** by Vice Chairman Crane. The motion **carried** unanimously.

ITEM #3 **Status Update: Carefree Water Consolidation Project. Information Only.**

Presentation and discussion only. No action taken.

Chairman Peterson announced the agenda item and introduced Greg Crossman.

Mr. Crossman presented a PowerPoint and provided a status update on the Carefree Water Consolidation Project. Using graphics, he reiterated the current Carefree Water Company service area as well as the acquisition areas of neighborhoods A, B and C. He outlined the primary milestones for the project and explained that three steps; the feasibility investigation, the condemnation/arbitration with Cave Creek, and the settlement agreement and full payment to the Town of Cave Creek, have been accomplished over the last 4 to 5 years. The remaining steps; the project funding, design, and construction, are next on the list and will be addressed further during the presentation.

Tax exempt water revenue bonds will be used to fund the project. Mr. Crossman announced that the final rating for the revenue bonds was set at A+ which is a significant accomplishment. The sale of the bonds took place on August 17th where about \$18.5 million in bonds were offered. The Bond Underwriter, Stifel, received orders totaling \$117,530,000. Funding generated \$21,871,160.60 at a coupon rate of 4% but a true "All-In" interest rate of 2.92% after factoring in costs, etc. Everything hit the market at just the right time and resulted in a very positive sale and interest rate. Bonds closed on September 2nd and the funds have been transferred into a UCFD account that is covered under the State Treasurer's Pooled-Collateral Program.

The next steps are to complete the project design and construction. The consulting team to accomplish this has been in place for some time though there is still one team member that is in the works. The project design firm is Coe and Van Loo II, LLC or "CVL" Tracy Grunden is available from CVL to answer questions. The Construction Manager at Risk or "CMAR" is Achen-Gardner. Ken Kawamoto is also present to answer questions. The independent cost estimator is appointed to the project, Innovative Contracting & Engineering Services, LLC. The one role needing to be filled is the Construction Administration and Inspection firm or "CA&I". Interviews of firms to fill this role take place this week and a selection will be made by the end of the month.

Mr. Crossman stated that the project final design has been ongoing since March and is expected to be completed by the end of 2021. Construction will begin in mid-October and last through the end of 2022. It is important to note that while the construction is expected to be completed at the end of 2022, the design and construction will be phased and sequences in a logical manner in order to get the neighborhoods moved over to the Carefree Water system. The design and construction will not be completed at one time. From a big picture perspective, construction will start in the far north end of Carefree in the Highlands area move into Neighborhood C, then move southwest through Neighborhood B and into Neighborhood A. From a construction contracting perspective the UCFD will be issuing contracts under a guaranteed maximum price (GMP) process. A GMP is a commitment by the CMAR to construct a portion of the work for a maximum price. The GMP will have a reasonable level of contingencies and will include allowances for items that lack clarity. Mr. Crossman used off-duty police officer time as an example of an allowance item. An estimated number of off-duty police hours are estimated in

the GMP; however, the exact cost will be reflective of the actual number of off-duty police hours utilized, which will not be known until the end of the project.

ITEM #4 **Review, discussion and possible action to approve Resolution 2021-15 authorizing the Chairman of UCFD to enter into Construction Services Contract No. C2021-04 with Achen-Gardner Construction, LLC for Guaranteed Maximum Price (GMP) #1, Early Procurement for the Carefree Water Consolidation Project.**

Approved.

Chairman Peterson announced the agenda item and introduced Greg Crossman.

Mr. Crossman presented a PowerPoint that explained this Resolution and Contract. This first GMP is for the early procurement of just over \$2 million of pipeline materials that are needed for the Carefree Water Consolidation Project. The COVID-19 pandemic has resulted in supply chain issues which has in-turn created cost volatility and market availability issues. This GMP addresses these issues head-on by authorizing early procurement of pipeline materials which represents about 70% of the project. This pipe material will be ordered and supplied to Achen-Gardner by Ferguson Waterworks and will be available when construction starts.

Vice Chairman Crane **moved** to **approve** the District and Water Company Resolution as presented. There was a **second** by Board Member Hatcher. The motion **carried** unanimously.

ITEM #5 **Status Update: Water Supply Conditions and Colorado River Water Shortage Determination. Information Only.**

Presentation and discussion only. No action taken.

Chairman Peterson announced the agenda item and introduced Greg Crossman.

Mr. Crossman presented a PowerPoint that discussed the implications of the pending Tier 1 Shortage Declaration on the Colorado River for 2022. Mr. Crossman explained that Tier 1 Shortage conditions impact lower priority users on the CAP, such as the Agricultural Pool and the reallocated "Non-Indian Agricultural" Pool and that water deliveries to Municipal and Industrial (M&I) Users will not be impacted. Mr. Crossman went on to further discuss the probability of deeper shortage conditions occurring on the Colorado River and that M&I water delivery cutbacks are anticipated to start at a Tier 2B Shortage Declaration. The potential of the "firming" of CAP deliveries by the Arizona Water Banking Authority (AWBA) was also discussed.

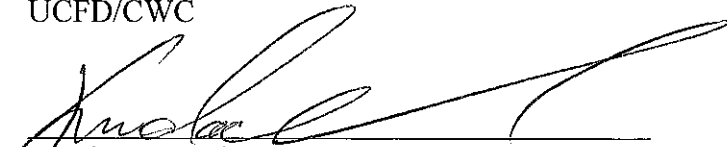
ITEM #6 **Adjournment**

Board Member Kroyer **moved** to **adjourn**. There was a **second** by Board Member D'Aliesio. The motion **carried** unanimously.

Meeting adjourned at 5:02 p.m.

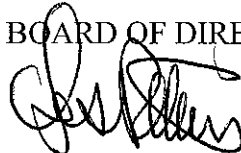
DATED this 21st day of October, 2021.

UCFD/CWC



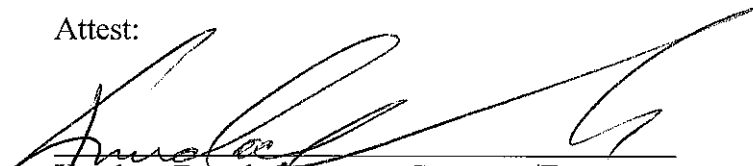
Kandace French Contreras, Secretary/Treasurer

BOARD OF DIRECTORS



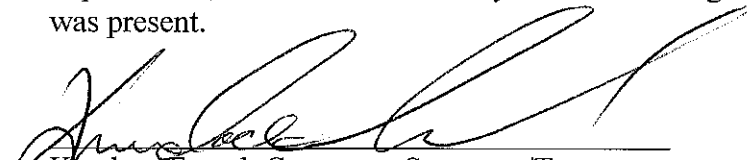
Les Peterson, Chairman

Attest:



Kandace French Contreras, Secretary/Treasurer
/CERTIFICATION

I certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Carefree Water Company/Utilities Community Facilities District Board of Directors held on September 7, 2021. I further certify that the meeting was duly called and held and that a quorum was present.



Kandace French Contreras, Secretary/Treasurer