

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
DECEMBER 14, 2011**

CALL TO ORDER

At 9:00 a.m. Chairman Sewell called the regular meeting to order. Board members present were Dave Weinstein, Tom DePew, Todd Walker and Carole Stringer. Attorney Mike Schmidt, Superintendent Dustin Jacobson, Larry Comer, Ashley Williams and Ken Thompson were present as representatives of the Board. Administrator Lynn Hagman recorded the minutes of the meeting.

Visitors present were Danielle Quade, Merlin Duerkson, Ken Windram and John Tindell from DEQ.

AGENDA AND MINUTES

**Board member DePew moved to approve the agenda for this meeting, seconded by Board member Walker. The motion carried.**

**Board member DePew then moved to approve the minutes of November 22, 2011. Board member Walker seconded the motion. The motion carried.**

CAP FEES DUE

Administrator Hagman informed the Board that there has been no response to the letters sent out to Mr. Richard Smith and to Mr. Paulauskis for Cap fees that they owe. Attorney Schmidt explained that the District has the option of asking for a deed of trust or certify as non-payment of fees to the County tax rolls. Attorney Schmidt suggested that the first step be a letter from legal counsel and the Board directed this be done.

FACILITY PLAN UPDATE AND FUNDING

Larry Comer presented an update for the wastewater facility plan. Ashley Williams discussed the current sewer lines and lift station basin logic. The growth estimate was shown and the existing conditions of the lift stations were discussed. Ms. Williams reported that some conditions could be a safety hazard. Most are environmentally risky. The tiered approach to lift station control would be three separate categories, 1. High flow and high risk 2. Moderate flow and moderate risk 3. Low flow and low risk. Ms. Williams discussed lift station rehabilitation and the options for this.

At this time Danielle Quade was introduced to the Board. Ms. Quade is with Hawley Troxell in Boise and is a Bond attorney. Ms. Quade discussed revenue bonds with the Board and felt this would not work for what the District is doing. An LID can assess all properties within the service area. Larry Comer gave Ms. Quade an update on the Sewer District's billable lots, vacant lots and why the District would go with an LID.

Attorney Schmidt questioned the risk of having the vacant lots in the LID. Ms. Quade stated that their benefit is the availability to hook up to the sewer. Mr. Comer discussed the coordination of the financing options with HARSB. Ms. Quade felt that a sub-district could be created for a revenue bond if the District wanted to look at that.

Board member Walker voiced his concern with capital improvements and people not hooked up won't want to pay for this. Ms. Quade replied that the assessment could be different; some could pay for the plant permit portion and not pay for the capital improvement portion. Assessments are based on benefit.

Larry Comer discussed the ER breakdown and Attorney Schmidt gave the background on how the District LID's have been done in the past. Mr. Comer spoke on the plant and who pays to upgrade. Board member Walker has a concern with the District collector system being added. Board member Walker feels that a vacant lot should pay for plant upgrades but no on the collector system if it does not affect them.

Board members Weinstein and Stringer feel that all capital improvements on the collector system will benefit everyone. Mr. Comer felt that the vacant lot owners are not different than the others. Attorney Schmidt feels that treating different classes differently can create administrative problems. Attorney Schmidt questioned judicial validation and Ms. Quade explained the process for this and stated this would only be a possibility if the District were to do a Revenue bond.

Larry Comer discussed the collections system funding with HARSB cost being approximately 6.8 million. This is contingent upon getting the loan from DEQ. Mr. Tindell informed the Board that the interest rates could change in March. Ms. Quade presented a proposal letter to work with the District on the LID and funding if necessary on an hourly basis. Attorney Schmidt highly recommended Ms. Quade. Attorney Schmidt discussed funding limitations and stated that the LID has to be done to trigger the DEQ loan. The District needs to be ready to incur debt.

Mr. Comer and Mr. Tindell discussed the DEQ loan funding and sequence needed to follow. Mr. Ken Windram from HARSB explained the construction schedule for the EPA permit. Mr. Comer discussed phasing for the LID and using possibly three phases starting in 2020 for the assessments. Mr. Windram stated that 6 million would cover costs to meet the upgrades at the plant for the NPDES permit.

Superintendent Dustin Jacobson voiced his concern of the construction costs going up in 9 years and having to go back to the people for more money. Mr. Windram stated that the biggest construction cost will be in phase one. Chairman Sewell suggested an entity meeting to continue the funding conversation. Board member Stringer questioned how collaborative the District can be with DEQ on the loan process. Mr. Tindell stated that the District needs to be ready to go and can receive the loan over several years.

Mr. Comer informed the Board that the District share of HARSB 6.8 million will be an LID for 2.5 million and asked the Board if the District should apply for the total needed which will be approximately 9.5 million. Mr. Tindell replied that the District should ask for the total of what is needed. Mr. Windram questioned if the District would need two letters of intent to DEQ, one for plant upgrades and one for capital improvements to the collector system. Mr. Comer felt that one letter that supports both projects would be preferred and Mr. Tindell agreed.

At 10:55 a.m. Ms. Quade excused herself from the meeting and the Board recessed for a break and reconvened at 11:05 a.m.

Ms. Williams continued her presentation and discussed the proposed Strahorn gravity sewer line. Flow would go directly to H1-D. The Miles relief line would also bypass the Country Club

lift station. A by-pass could also be installed on Lakeview Dr. Mr. Comer informed the Board that Strahorn and Miles would be two independent projects. Mr. Comer discussed funding combinations and presented a handout on costs. Several options were listed on the handout; however, the funding preferred would be with a DEQ loan over 20 years. Mr. Comer asked for direction from the Board on the letter of intent and what range of numbers they preferred to ask for.

Ken Thompson felt that DEQ is the best way to go, LID's always cost more than you think in the beginning and the Board will need to hire Bond Counsel. Mr. Tindell informed the Board that DEQ will rely on Bond Counsel's opinion. Mr. Jacobson questioned if the sewer rate could every drop in the future if the depreciation is funded through the LID. Mr. Comer stated that he would need to calculate that separately.

Board member Walker informed the Board and Mr. Comer that he has spoken with Panhandle Area Council regarding funding, who told him that USDA also does loans with low interest rates. Attorney Schmidt felt that Bond Counsel needed to be involved early in the process. Board member Walker would like to look at other options for Bond Counsel when the Board is ready for the LID. Attorney Schmidt explained that the Board could do this, Ms. Quade is suggesting an hourly fee at this time to help with the funding.

Board member Weinstein moved to approve the proposal from Danielle Quade on an hourly basis. Board member Stringer seconded the motion on legal counsel's recommendation. Board member Walker felt that Ms. Quade should only be brought in when it is necessary. Chairman Sewell called for the vote, all was in favor and the motion carried.

**Board member Stringer moved to direct Larry Comer of Welch Comer Engineering to proceed with the letter of intent with the high numbers in both cases. Board member Walker seconded the motion.** Board member Weinstein asked Mr. Tindell for his opinion on the amount the District is asking for and if the District would possibly have a better chance if we asked for less. Mr. Tindell suggested he go back to his office and speak with the state office and then let the Board know. Mr. Tindell felt that asking for 6 to 7 million would be alright. Larry Comer stated that the high on both requests would equal closer to 12 million. **Board member Stringer amended her motion to direct Larry Comer to initiate the process for the DEQ loan. Board member Weinstein seconded the amended motion. The motion carried.**

ADJOURN

With no further business before the Board, **at 12:00 noon Board member DePew moved to adjourn, seconded by Board member Weinstein. The motion carried.**

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Dave Weinstein, SECRETARY

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Lynn M. Hagman, ADMINISTRATOR