

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT  
MINUTES OF REGULAR MEETING  
JANUARY 8, 2014**

CALL TO ORDER

Chairman Walker called the meeting to order at 9:00 a.m. Board members present were Ed Short, Ed Burke and Carole Stringer. Board member Ed Graves was absent. Attorney Schmidt, Engineer Steve Cordes and Superintendent Jacobson were present as representatives of the Board. Visitors present were Ken Windram, HARSB manager and Larry Chmura. Administrator Hagman recorded the minutes of the meeting.

AGENDA / MINUTES

**Board member Burke moved to approve the agenda, seconded by Board member Short. The motion carried.**

**Following review of the minutes of December 18, 2013 and edits made by Attorney Schmidt, Board member Short moved to approve the minutes as revised. Board member Burke seconded the motion. The motion carried.**

VISITOR

Mr. Larry Chmura, 2990 Nettleton Gulch, Coeur d' Alene addressed the Board regarding a delinquent promissory note. Mr. Chmura informed the Board that he sold his business, By the Lake Assisted Living, in August, 2012. The new owners of the property are Stephanie Kilpatrick and Charles Sane. Mr. Chmura explained that the note was included in the sale of the business and the new owners were paying the monthly bill. According to Mr. Chmura, the new owners changed accountants and the bill did not get paid for the last few months.

Chairman Walker questioned the delinquent payments and if these payments should be Mr. Chmura's rather than the businesses. Mr. Chmura replied that the new owners of the business are paying the monthly bill. Chairman Walker questioned if the note followed the property or the land owner. Attorney Schmidt replied that it is Mr. Chmura's obligation to make payment on the note. Attorney Schmidt asked Mr. Chmura if he had discussed this promissory note with the purchaser, what he said the payment of the note was and did he provide a copy of the note to the purchaser. Mr. Chmura replied that he did explain to the purchaser what the note was for and the amount of the payment and he did give a copy of the note to the purchaser.

Attorney Schmidt explained that the note does not go with the property. The note is a personal obligation of the Chmura's. Attorney Schmidt explained that the District did not release Mr. Chmura from the obligation to make payment. The District is entitled to enforce that obligation and can collect on the note. The District demanded payment by a deadline, declared a default after the deadline passed without payment being made. And all payments have been accelerated to the full amount and are now due. The District has incurred legal fees in trying to collect on the note.

Board member Short questioned where the bills had been sent for the last two years. Administrator Hagman replied the bills were being sent to the business address on Honeysuckle Ave. Attorney Schmidt stated that reminders were also sent out. Attorney Schmidt explained that the parties settled a lawsuit in the past, and agreed to sell the Chmura's ERs for the amount of the Note, which required the Chmura's to personally pay the District back that amount. Failure to make these payments has resulted in default and the full obligation is now due as demanded in the last letter.

Mr. Chmura requested the Board to allow the new owners make up what is owed and then start the regular monthly payments again. Chairman Walker asked for clarification of the delinquency. Attorney Schmidt replied the months of September, October, November, December and January are delinquent plus legal fees and interest. Chairman Walker informed Mr. Chmura this is not the obligation of the new owner; it is his personal obligation to pay. Mr. Chmura replied that he understood this and stated this is an obligation that he wants to bring current. Chairman Walker asked how long he would need to pay it current. Mr. Chmura replied he would need at least a week.

Attorney Schmidt suggested if the Board decides to accept Mr. Chmura's proposal, Mr. Schmidt would need time to calculate a payment to bring the obligation current and to be paid on a specific date. Board member Stringer stated the invoices went to the address of record on the note and was never returned as undeliverable. Board member Stringer feels that if the District is to allow the note to be paid current as opposed to being due and payable, the District should make some arrangements to have an alternate address of record. Board member Stringer stated there are no documents indicating the new owner adopted the indebtedness and the District should have some additional safe guards in place.

Attorney Schmidt informed Mr. Chmura that the Board will discuss this matter further in executive session. Attorney Schmidt explained the Boards options and informed the Board that to cure the default, if permitted, would be in the neighborhood of \$2,200 which amount did not include all fees.. Board member Short asked Mr. Chmura how soon he could pay and Mr. Chmura replied at least a week.

## ENGINEER

Mr. Steve Cordes discussed the main lift station project and right of way issues. Welch Comer discussed the needs for right of way at each of the lift stations versus what we already have, and indicated that Attorney Schmidt was comfortable with the proposals for moving forward. Mr. Cordes informed the Board they will move forward with the lift station design now. Superintendent Jacobson discussed the conversations he has had with the property owners at each lift station and felt that most all of them have been agreeable to the right of way issues. Sandy Cove has a retaining wall and may be more difficult.

Mr. Jacobson explained there is a home that is vacant next to the Avondale lift station and he is trying to get more information on the owner. Chairman Walker questioned how we would handle this if a bank owns the property. Attorney Schmidt felt that a bank may be easier to deal with. The original easements were acquired in 1986 and there may be some clean up with these after surveys are done.

Mr. Jacobson explained that the Canterbury Cove lift station will be gone and all of the property owners there are cooperating. Mr. Jacobson explained how the home owner's sewer will be rerouted.

Mr. Jacobson has met with Mr. Hoisington from the City of Hayden regarding the Honeysuckle lift station and Mr. Hoisington is fine with what the District wants to do there. Mr. Jacobson discussed the plans for this lift station and building a concrete block wall around it. Chairman Walker suggested a possible move of the Honeysuckle lift station. Mr. Cordes stated this would be possible but all of the lines would have to be rerouted.

Mr. Jacobson will speak with Mr. Hoisington about that. Chairman Walker questioned Mr. Cordes on the panels for the lift stations. Mr. Cordes replied that multi smart panels will be used at all of the lift stations.

Mr. Cordes discussed the right of way at the Country Club lift station. Mr. Cordes informed the Board they are looking for an hour and a half response time and doing construction in the off season. Mr. Cordes explained the two options to increase the storage over flow basin capacity to give an hour and a half response time. Mr. Cordes discussed option one with a shallow basin which may cause concern with possibly encroaching into the 25 foot set back from the high water elevation. Option two would be with a basin the same depth as the wet well.

Chairman Walker felt that option two would be the best option. Mr. Cordes asked for a Board member to take option two and begin the conversation with the Country Club. Chairman Walker suggested Board member Burke to speak with the Country Club.

#### HARSB – KEN WINDRAM

Mr. Ken Windram presented a power point on plant design and the administration building design. Mr. Windram explained the headworks building, the equalization tank, the biological nutrient removal tanks, the clarifiers and the dewatering building. Mr. Windram explained that the new sludge rake mechanism will only be done if the budget allows. Mr. Jacobson questioned if there was an allowance for video surveillance. Mr. Windram replied there was and stated that some things may be added at the end of the project.

Mr. Windram informed the Board that it is HARSB legal counsel's opinion that the bid documents were approved when funding for the project was approved. Attorney Schmidt agreed, however if the bid documents come in too high then they would need to come back to the Board. Board member Stringer asked Mr. Windram if he could supply the Board with a tentative schedule for construction. Mr. Windram will send one out. Mr. Windram informed the Board that the City of Hayden has suggested a visual barrier along the south property line that will cost HARSB extra.

#### ATTORNEY

Attorney Schmidt reported on the progress of the consolidations and non- buildable covenants. Reminders were sent out to those who have not responded yet. Attorney Schmidt explained that the cleanup issues on the easements will be primarily the engineer's responsibility for now.

The personnel policy needs further review from Board members and it was suggested to place this item on the next agenda.

#### HARSB REPORT

The HARSB report was previously emailed to the Board members. Board member Stringer informed the Board that on January 13, 2014 the City of Hayden Planning and Zoning will meet regarding the above mentioned visual wall on the south side of the plant. They are prepared to issue a special use permit with conditions. The conditions are not known at this time.

#### IIMC CONFERENCE

Administrator Hagman requested permission to attend the annual IIMC Conference in Milwaukee. **Board member Short moved to approve the conference, seconded by Board member Burke. The motion carried.** Board member Stringer asked for a report when the Administrator returns. The City will pay for one half of the cost.

#### CHAIRMAN

Chairman Walker informed the Board that he and the Administrator met with Ken Thompson regarding the audit RFP's. Three were received and it has been narrowed down to two for interviews. Chairman Walker suggested Board member Stringer be involved in the interviews with Mr. Thompson.

#### EXECUTIVE SESSION

**At 10:35 a.m. Board member Burke moved to recess to executive session per ID Code 67-2345 (1) (f) possible litigation related to the Chmura Promissory Note default. Board member Short seconded the motion. A roll call vote showed; Board member Short, "aye", Board member Burke, "aye" and Board member Stringer, "aye". The motion was unanimously carried.**

Present in executive session were Chairman Walker, Board members Short, Burke and Stringer, Attorney Schmidt and Administrator Hagman. At 10:45 a.m. the Board reconvened to regular session.

#### ADJOURN

With no further business before the Board, at 10:45 a.m. the meeting was adjourned.

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Todd Walker, CHAIRMAN

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Lynn Hagman, ADMINISTRATOR