

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT
MINUTES OF SPECIAL MEETING
JANUARY 6, 2012**

CALL TO ORDER

Chairman Sewell called the special meeting to order at 9:00 a.m. Present were Board members Stringer, Walker, Weinstein and DePew. District Superintendent Dustin Jacobson and Larry Comer were also present as representatives of the Board. Administrator Lynn Hagman recorded the minutes of the meeting.

The topic for this meeting was discussion of the treatment plant upgrades and funding for this and the capital improvement plan and funding for this. **Board member Stringer moved to approve the agenda, seconded by Board member Walker. The motion carried.**

Larry Comer started by updating the Board on recent meetings held with HARSB and the City of Hayden on this topic. Mr. Comer discussed the timing and funding between the revenue bond for the City of Hayden and the LID for the Sewer District.

Mr. Comer went on to discuss the treatment facility upgrade financing. There will be three phases and three categories. The categories will be replacement, regulatory upgrade, and capacity. The options for funding was discussed and Mr. Comer informed the Board that at the meeting with HARSB and the City of Hayden, it was made very clear that the Sewer District will not pay for capacity. Mr. Comer stated that the District's letter of intent to DEQ will be in the amount of 6.2 million dollars and the City of Hayden will be applying for 5.2 million. The County will cash out on their share.

The options for the capital improvement plan were discussed and Mr. Comer stated that there will be phases for this also. Total costs for the CIP (capital improvement plan) will be approximately 4 million. Phase one would be 2.288 million and phase two would be 1.773 million. Mr. Comer informed the Board that going to the USDA for the CIP funding may be a possibility. Board member Walker informed the Board that he had spoken to a representative from USDA on borrowing funds in general and was told that the interest rate would be 3.7% and the loan could go up to 40 years. Mr. Comer stated that the Board could use DEQ for interim financing at a 1.75% interest rate.

At this time a conference call was made to Katie Baker. Ms. Baker is the project engineer and reviews the letter of intent for DEQ. Mr. Comer questioned Ms. Baker if an interim financing loan would be in competition with the letter of intent. Ms. Baker replied that it would, however the interim financing would be cash flow commitment and would be treated differently. Mr. Comer stated that the District does not want to jeopardize the City of Hayden's funding.

Board member Weinstein questioned the urgency for the plant funds verses the collector system funds. Ms. Baker stated that it depends on whether you have sewer running down the streets or do you just want to replace old lines. Mr. Comer thanked Ms. Baker and ended the phone call.

Board member Weinstein reviewed the capital improvement plan and voiced his concern with the 4 million. Board member Weinstein felt that DEQ should not be used for the CIP financing at this time. Board member Stringer also feels the District should not use DEQ. Board member Walker questioned when the funds would be available.

Mr. Comer explained the LID has to be in place first and construction would begin in 2013. Next year may be a better time to apply for CIP funds.

Board member Stringer suggested applying to more than one lender for the CIP funds and go with the best offer. Mr. Comer did not think this would be a good idea, USDA would most likely not approve of this. Mr. Comer informed the Board that grant funds may also be available.

Board member Walker moved to approve the letter of intent with the amount of 6.2 million dollars. Board member Weinstein seconded the motion. The motion carried.

ADJOURN

At 10:00 Board member Walker moved to adjourn, seconded by Board member Weinstein. The motion carried.

Dave Weinstein, SECRETARY

Lynn M. Hagman, ADMINISTRATOR