

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT
MINUTES OF SPECIAL MEETING
AUGUST 15, 2012**

CALL TO ORDER

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

AGENDA

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

BOARD DISCUSSION

Larry Comer presented a draft letter to DEQ. Board member Stringer pointed out grammar errors. Mr. Comer will edit the letter before sending it out. Mr. Comer informed the Board that the numbers in the letter are the dollars that we want DEQ to place hold for us, however these can be changed following the conversation about the HARSB share and the capital improvements.

Mr. Comer presented a task order for the EID. The cost for preparing this document will be approximately \$15,000. Mr. Comer informed the Board that the DEQ financing would be at 2% interest for 20 years. Mr. Comer explained that a draft of this document would need to be in to DEQ by January. Steve Cordes questioned the possibility of principle forgiveness. Mr. Comer replied that this has not been offered and Mr. Cordes explained to the Board how this works.

Board member DePew moved to proceed with the task order. Board member Walker seconded the motion. The motion carried.

Mr. Comer then discussed the recent HARSB meeting. Mr. Comer discussed the allocation on the proposed improvements on the HARSB facility plant. A capital improvement project table was given to the Board for review. Mr. Comer explained the projects and the targeted date for each project to start. The equity ER breakdown between City of Hayden, HLRWSD, HARSB and the County was discussed. ER totals for the Sewer District would be 26.3%. Mr. Comer explained that HARSB has 1130 ER's in the pool so their share would be 11.2%. Board member Walker questioned the 1130 ER/s in the pool and would HARSB pass it on and the District would pay more per ER. Mr. Comer explained that this is capital and they have approximately 4 million in cap fees now. This will also generate a new cap fee.

Board member Weinstein questioned Hayden's 4 million in cap fees and what it will be spent on. Attorney Schmidt explained that he needs to understand from Larry Comer and Paul Klatt, what is involved in phase one. The City of Hayden is responsible for phase two. Board member Weinstein stated that the clarifiers and headwork's were part of phase one. Attorney Schmidt discussed the risks of Hayden getting the judicial validation or revenue bond. Board member Weinstein voiced his concerns, with any fines that may come if the District fulfills our obligations but Hayden does not get judicial validation or revenue bonds. Would the District be free from any fines?

Attorney Schmidt felt that it would not mean that the District is free from any fines; the fines would most likely be assessed to HARSB. Attorney Schmidt stated that the agreement will state what each entity will pay for.

Ken Thompson voiced his concern with 5% of the outstanding bonds being set aside and he would like clarification on where the 5% should come from. Attorney Schmidt stated that the 5% should come from cap fees. Larry Comer felt that the 5% may not be required from DEQ. Mr. Thompson is also concerned with not completing the entire project and would the District LID not show a benefit. Attorney Schmidt stated that we would be able to show improvement with phase one.

Board member Stringer questioned if phase one and phase two was incorporated into the first 10 years. Attorney Schmidt replied that they were. Board member Weinstein informed the Board that PCB's and metals was discussed at the HARSB meeting also. Treatment for metals could be up to 15 million.

Mr. Comer then presented a capital focused improvements, plan A. Collection system funding was discussed and most of this funding will come from the LID with \$3.00 being collected through O & M for depreciation. The total LID would be \$ 4,211,800. Mr. Comer discussed the annual and monthly breakdown. The Sewer District's share of the HARSB improvements will be approximately 6.2 million. For plan A, the assessment per ER would be \$3,936.

Mr. Comer then reviewed plan B, the O & M focused improvements. With \$4.70 coming from O & M for depreciation, the LID assessment would be \$3,626. Board member Weinstein questioned what the assessment would be if the District were to only ask for the 5.5 million. Mr. Comer estimated the assessment to be around \$2,500.

Superintendent Jacobson voiced his opinion on the capital improvements. Mr. Jacobson stated that if the improvements are done up front the cost will be less. Mr. Jacobson informed the Board that the capital improvements have to be done regardless. Board member Stringer questioned if the \$3.00 from O&M could come from reserves so as not to raise the O&M by \$3.00. Board member Weinstein voiced his concern with including the collector system and how the constituents on fixed incomes will respond. Board member Stringer stated that the collector system is aging and the improvements will need to be done. Board member Walker agreed and felt that it would be less expensive if the District included the improvements in the LID rather than raise the O&M.

Board member Stringer stated that the study shows the need for the capital improvements. Board member Weinstein has a concern with having answers for the constituents. Mr. Comer informed the Board that he will explain the needs and problems if the improvements aren't done. Mr. Comer discussed the needs of the collection system and why the LID is better than O&M. The Board discussed possible arguments constituents may have.

Board member Stringer asked if a decision needed to be made for the amount in the letter to DEQ. Board member Walker felt that the letter was fine at the higher amount of 10.4 million. Mr. Comer explained that the District first needs to get DEQ to accept the 10.4 million and then move forward with a public hearing mid -November. Mr. Comer explained that a public hearing will need to be held for the facilities plan for the collection system and education needs to be done by newsletter. A public hearing will also need to be held for the EID. Administrator Hagman questioned if the EID and the facility plan public hearings could be held simultaneously. Mr. Comer agreed that they are one of the same issues.

Board member Walker moved to approve the DEQ letter with the amount of 10.4 million. Board member Stringer seconded the motion. The motion carried.

Mr. Comer then discussed a series of newsletters for educating the public.

Board member Weinstein moved to direct Mr. Comer to attend the HARSB meeting to represent the Sewer District. Board member Walker seconded the motion. The motion carried. Board member Weinstein moved that Attorney Schmidt should also be in the phone conference with Gary Allen to represent the District. Board member DePew seconded the motion. The motion carried.

ADJOURN

With no further business to discuss, at 11:30 a.m. Board member Walker moved to adjourn, seconded by Board member Stringer. The motion carried.

Dave Weinstein, SECRETARY

Lynn Hagman, ADMINISTRATOR