

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT
MINUTES OF REGULAR MEETING
JANUARY 13, 2010**

CALL TO ORDER

Chairman House called the meeting of the Hayden Lake Recreational Water and Sewer District to order at 9:00 a.m. Board members present were George Anderl, Ken Sewell, Dave Weinstein and Tom DePew. Mike Schmidt, Larry Comer, Ken Thompson and Dustin Jacobson were also present as representatives of the Board. Administrator Lynn Hagman recorded the minutes of the meeting.

Visitors present were Stephanie Blalack from e2 Planning & Design, Jack Smetana from Frame & Smetana, Delbert Kerr from Rimrock Meadows, Ken Windram from HARSB, Mike Ormsby from K & L Gates, Rick Gunther from Fox Hollow, Lonne Jordall from Fox Hollow and Steve Meyer.

AGENDA & MINUTES

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

Board member Anderl then moved to approve the minutes of December 23, 2009. Board member Weinstein seconded the motion. The motion carried.

LID #6

Larry Comer presented a review of the project budget summary. Mr. Comer discussed part A, the construction section as well as the engineering and miscellaneous expenses for the LID. Part B included the capitalization fees. An assessment worksheet was discussed and Mr. Comer explained the Hayden Lake Recreational Water and Sewer District Cap fee credit toward construction as well as the credit for Strahorn sewer stubs. The summary of properties benefited by A and B were Fox Hollow, Falls at Hayden, Kerr parcel and Meyer parcel. Forest Ridge Estates will only benefit from A.

Mr. Comer then reviewed the revised estimate of LID assessments. The estimated cost of an ER will be \$7,600. The LID will allow payment of the assessment in full within 30 days or amortize over the period of the bond. Installment payments will start one year after the LID closes.

Mr. Smetana questioned the status of the lift station. Mr. Comer informed Mr. Smetana that the equipment is there and they are weeks away from everything being connected.

Mr. Comer then went on to review the project budget comparison for LID#6. Mr. Comer pointed out that Strahorn Rd. was one of the biggest overages. Different concepts were looked at for the lift station at English Pt. as well, which was another large overage. Board member Anderl questioned the Strahorn Rd. overage and why was it so much. Mr. Comer explained the crushed rock and alignment of the line and other complications that took place increased cost in that phase.

Board member Anderl commented that the bond attorney was also higher. Mr. Ormsby replied that this was a high estimate and he feels the cost for his services will be more in the range of \$40,000 to \$42,000. Mr. Ormsby went on to explain all the services that he and his office provided. Ken Thompson informed the Board that the estimates need to be a little high because the long term financing may have some costs.

Steve Meyer felt that it was extraordinary that the project costs doubled as to what the estimate was. Chairman House explained the fine the District received from EPA and unknown costs that occurred as the project went on. Larry Comer explained the line placement on Lancaster and the problems that occurred with that and the rock excavation that was unforeseen. Mr. Smetana felt that the Lancaster line was over due to the Lakes Highway District timing also. The lift station increase was also a part of DEQ decisions made.

Mr. Kerr question if some were to pay off would they be paying all of the bond expenses, meaning the overhead and the cost of selling the bonds. Mr. Kerr stated that he may want to get his own financing. Mr. Ormsby informed Mr. Kerr that the total amount to pay off each ER would be \$12,700.

Mr. Jordall questioned the late comers' agreement and if there was going to be one. Chairman House explained that the Board was previously against this type of agreement. This would be very difficult to manage on an accounting stand point. It could be a problem when we don't know what development will happen in the future.

Mr. Meyer stated that 2 to 5 years from now there will be a different perspective on what the future will bring. Mr. Meyer felt that the overrun warrants another look at the late comers' agreement or at least for the amount of the overrun which is about 1 million. Board member Anderl had no problem re-visiting this issue. Mr. Meyer suggested the Rimrock LLC be the recipient of the late comer fees.

Board member Weinstein felt that Larry Comer's engineering fees were fair however the administrative part of it is a problem. Mr. Ormsby explained the length of time for the late comers' agreement and stated the longer they go the more difficult they are.

Questions are what area benefits, pro-rata share of costs, what interest rates do you attribute and changing in administration cost to whom, the consortium or the buyer. Steve Meyer feels that accounting problems could be easily simplified. Mr. Meyer requested the Board to allow the consortium to prepare a proposal for review. Mike Schmidt questioned the administration process of how the District would pay the consortium and then the consortium paying each property owner and this could be complicated.

Board member Weinstein suggested a trust account be set up and every few years it is paid back to the investor or consortium. Mr. Ormsby discussed options for payment. Mr. Meyer suggested possibly only charging subdivisions and not single lots. Board member DePew stated that north of Lancaster is not in the Sewer District and therefore we would not have the right to charge anyone. Chairman House explained that the District made a decision to not annex unless someone came to the District and requested it. Board member DePew felt that the Board should look at the late comers' agreement again as well as the District boundaries. Board member Sewell agreed. Board member Anderl felt that the late comer fee should include construction and not just the overage.

Mr. Meyer informed the Board that they could have a draft of a late comers agreement within the next two months. Chairman House asked if it would be ready for review by the end of February and suggested it be placed on the agenda for the first meeting in March. Board member Weinstein suggested a Board member sit in on the consortium discussions for this. Board member Anderl will represent the Board during these discussions.

Mr. Comer explained the figures for the ER's and how to come to a figure for a late comers fee. The agreement needs to be set up before the LID can close. Mr. Thompson suggested moving forward until the agreement is accepted. Mr. Ormsby informed the Board that May 10, 2010 is the closeout deadline. Mike Schmidt will also work on the late comers agreement.

Mr. Jordall questioned the term on the bonds. Mr. Ormsby stated they will have a probable 10 year term. Mr. Thompson felt we would have the bond sale late March or early April. The resolution for adopting the assessment roll for the LID will be placed on the January 27, 2010 agenda, this will also set a public hearing date for February 24, 2010 at 5:00 p.m. Pre-payment will expire on March 26th.

RECESS

The Board recessed at 11:10 a.m. and reconvened at 11:25 a.m.

Ken Windram gave a presentation on the HARSB costs. The outline of his presentation was the 2009 HARSB budget results, the 2010 HARSB budget and a monthly cost breakdown for the Hayden Lake Recreational Water and Sewer District.

Mr. Windram informed the Board that there has been an increase of \$107,578 in the 2010 budget. Mr. Windram also discussed the ER breakdown with the Board.

Board member Weinstein questioned the percentage of collector costs to the Sewer District when the City of Hayden has so many more ER's. Mr. Windram explained and Dustin Jacobson commented that the Sewer District has less to maintain on the collector. Our system is very different that the City of Hayden's. Board member Anderl felt that Dustin and Chris should be able to do more at the lift stations. Dustin replied that they would but we don't have the equipment necessary. Board member Sewell questioned the administrative costs and what was included in that line item. Mr. Windram explained that salaries, legal fees and professional fees were among some of the costs there.

Board member Weinstein questioned the purchasing of equipment and would the District save by doing this. Mr. Windram stated that he would get a breakdown on the collector costs to help the Board make that decision.

The Board discussed the TMDL issue with Mr. Windram. Mr. Windram gave a report on the meeting he attended with the Mayors. Mr. Windram stated that all are willing to work together on common ground with the regulators on this issue.

DISTRICT SUPERINTENDENT REPORT

Dustin discussed running a camera in the Avondale lines. The jetting of the lines has already been scheduled with HARSB so Mr. Jacobson is requesting that the camera be done right behind the jetting. The cost is 50 cents per foot and will be approximately \$10,000 to \$12,000. **Board member DePew moved to approve the request, seconded by Board member Weinstein. The motion carried.**

EXECUTIVE SESSION

At 12:35 p.m. Board member Sewell moved to recess to executive session per ID Code 67-2345 (f) pending litigation matter. Board member Anderl seconded the motion. A roll call vote showed; Board members Anderl, "aye". Weinstein, "aye", DePew, "aye" and Sewell, "aye". The motion carried.

Those present were Chairman House, Board members DePew, Sewell, Anderl and Weinstein. Also present were Dustin Jacobson, Mike Schmidt and Lynn Hagman. A small claims court matter was discussed.

At 12:45 p.m. the Board reconvened to regular session.

LAKES CONFERENCE

Chairman House requested the Board to sponsor the Lakes Conference again this year. The cost is \$150.00 and any of the Board members may attend.

Board member Sewell moved to approve, seconded by Board member DePew. The motion carried.

PAY REQUEST

Pay request 6 was submitted by Lawrence Construction for the English Pt. lift station project. The amount of the request is \$43,913.99. **Board member Sewell moved to approve the request, seconded by Board member DePew. The motion carried.**

ADJOURN

With no further business before the Board, at 1:00 p.m. **Board member Sewell moved to adjourn, seconded by Board member DePew. The motion carried.**

Kenneth Sewell, SECRETARY

Lynn M. Hagman, ADMINISTRATOR