

**HAYDEN LAKE RECREATIONAL WATER AND SEWER DISTRICT
MINUTES OF REGULAR MEETING
MARCH 24, 2010**

CALL TO ORDER

Chairman House called the regular meeting to order at 5:00 p.m. Board members present were Ken Sewell, Dave Weinstein and Tom DePew. Board member George Anderl was absent. Ken Thompson, Larry Comer, Mike Schmidt, Dustin Jacobson and Chris Seward were also present as representatives of the Board. District Administrator Lynn Hagman recorded the minutes of the meeting. Visitors present were Del Kerr, Rick Gunther, Jack Smetana and Lonn Jordall.

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

The minutes of March 10, 2010 were reviewed by the Board. Board member DePew moved to approve the minutes, seconded by Board member Weinstein. The motion carried.

ACCOUNTANT REPORT

Ken Thompson reported on the financial status of the District and informed the Board that he had met with the representative from D.A. Davidson regarding the LID 6 bonds. **Invoices for payment were reviewed and Board member DePew moved to approve the financial report and the invoices for payment. Board member Weinstein seconded the motion. The motion carried.**

ATTORNEY REPORT

Mike Schmidt discussed the CAP fee increase payment requirement and the procedure that HARSB uses and the resolution they passed for this. HARSB does not want the Sewer District to pre-purchase ER's. If the Sewer District pre-purchases ER's then when they are sold, the buyer will need to pay any increase that has been made. The Board's policy has been that every vacant lot needs to have an ER attached to it. The Sewer District has adopted the HARSB resolution regarding the pre-purchase of ER's.

Mike Schmidt proposed a resolution to adopt at the April 28th meeting on how to collect the difference, if any, on the CAP fee increase. It was proposed that a buyer purchases an ER at the current CAP fee cost. When the buyer has received a building permit and comes to pay the hook up fee, this is when the buyer would pay for any increase in the CAP fee from when he originally purchased it to current date.

Mr. Schmidt discussed the recent HARSB increase in their CAP fees and informed the Board that a public hearing will need to be set for the Sewer District to now increase their CAP fees. Larry Comer and Mike Schmidt discussed doing a study on the rate analysis for CAP fees. Mr. Schmidt discussed considerations for portions of the Hailey decision and stated that the Board needs to have good legal reasons for such an increase.

Board member Weinstein questioned the Sewer District having a 2 tiered ER charge. Mike Schmidt explained that he had done a brief on this issue and can provide it to the Board once again. There is not tiers on ER costs, All ER's cost whatever the current rate is whether they are already owned by the District or just being purchased.

LATE COMER AGREEMENT

Mike Schmidt reviewed the late comer's agreement that Mr. Meyer's had submitted and discussed the changes he would make with the Board. Mr. Schmidt stated that this agreement was for 15 years and someone would have to keep track of it for that period of time. Mr. Schmidt explained that the purpose of a late comer's agreement is for a developer who has mad a capital outlay. Here we have a voluntary LID and there has been no capital outlay and the Sewer District has put in \$500,000.

Mr. Schmidt explained the difference if the LID had been formed with a vote of the public versus the voluntary method as was done. Mr. Schmidt voiced his concerns with the fact that there was no vote and then at the end, everyone still becomes a participant because they will have to pay the late comers fee when they hook up.

Board member Weinstein questioned if the people who don't live within the 200 feet would not have to pay. Mr. Schmidt explained that they can't pay the LLC or the developer for something they didn't put cash out for. The line is an assessment of the property and the late comer's agreement is not appropriate for this situation.

Mr. Kerr stated that he did not understand the different scenarios and does not agree with the assessment. Board member Weinstein asked if the Board could give participants a chance to speak with their legal counsel. Mr. Schmidt informed the Board that he would be happy to look at other legal opinions. Chairman House asked that this be put on the April 28th agenda with legal opinion from the constituents.

Larry Comer informed the Board that they need to discuss value also. CAP fees are now at \$9,000 and the LID is charging \$12.700.

The value needs to be discussed on the different scenarios and how it would have affected the late comer's agreement. Mr. Kerr questioned when the size of pipe was determined and if the lift station was upgraded at the end of the project.

Larry Comer informed Mr. Kerr that the lift station had a pump upgrade only and the line was always going to be an 8" line. Mr. Kerr stated that he did not feel they were asking for much in the late comer's agreement. Chairman House stated that the Board is doing the responsible thing and listening to their legal advice. The Board will listen carefully to the opposition and make an informed decision on the late comer's agreement.

Board member Weinstein suggested Mr. Schmidt list his objections with bullet points for the constituents to take to their legal counsel. Mr. Schmidt stated he would do this with the Board's direction, however, he would prefer to have their legal counsel put something together that he and the Board could review. Mr. Schmidt would like their legal counsel to explain why the agreement is supportable. Board member DePew stated that there are approximately 2,000 acres not included in the LID but would be subject to the late comer's agreement. Mr. Kerr and Mr. Gunther explained that there are only 280 hook ups that would be included.

Mr. Schmidt stated that the agreement doesn't reimburse the right people. If the District goes with this agreement, his advice to the Board is to make sure it has a terminable clause in it. Mr. Kerr stated that he had already paid for one ER and asked if bond counsel would approve of the District reimbursing him the \$7,500 he paid. Mr. Schmidt will contact bond counsel for approval.

Mr. Kerr questioned the Board if only one company was looked at for the sale of the bonds. Mike Schmidt explained that other companies were approached but this type of bond is not desirable. Ken Thompson explained the types of bonds and how the underwriter was chosen. D.A. Davidson had the lowest rate of 6 to 8% and this type of bond is hard to move. Mr. Kerr asked if there was documentation for those who said they weren't interested and have we created any competition.

Steve Meyer arrived at the meeting at 6:40 p.m.

Mr. Kerr stated that 6% would be alright but 8% is not. Does the District have a choice on what they will accept? Ken Thompson stated that the District won't know the rate until we close. The District has the choice to back away but at this point it is imperative to get the bonds sold. It would take too long to start dealing with a new firm on the bond sale. Mike Schmidt confirmed Mr. Thompson's remarks and stated that the Board has done their due diligence in finding a buyer for the bonds.

RESOLUTION 2010-03

Resolution 2010-03, a resolution for the altering of the operation and maintenance fees, had been previously approved and was now being presented to the Board for signatures. With the direction of the Board, Chairman House signed the resolution.

AVONDALE LOOP GENERATOR

Larry Comer discussed the placement of the generator for the Avondale Loop area and showed the Board where the lift station is now and his suggestion for the location of the generator. The property owner did not want the generator sitting in front of his house, next to the lift station. Mr. Comer explained that if the District went approximately 75' to the other end of the property owner's property, there would be room there for the generator. The cost would be approximately \$50,000 and it would be placed on the down slope. Mr. Comer explained that the cash commitment would only be \$20,000 since we already own the generator.

Mr. Comer suggested speaking with the neighbors and doing research to find property lines and making sure it will fit in this space. Chairman House suggested Mr. Comer and Dustin Jacobson move forward on this. Mr. Comer felt that it may be a good idea to invite the property owners to a meeting. Mr. Jacobson will speak with the property owner.

DISTRICT SUPERINTENDENT REPORT

Dustin Jacobson reported to the Board that he had been videoing in the Avondale area and are now about half done. Small problems were found and will be easily fixed.

Mr. Jacobson then talked about the air release valve on Lakeview Dr. The bio-filter seems to be working fine.

Dustin informed the Board that the Pt. Hayden lift station lost a pump and the replacement that was installed is 12 years old. The lift station is back on line but we now need to purchase a new back up pump. The cost for a Barnes pump, which is what is being used, is approximately \$3,476.00. Chairman House felt that this is a needed expense and Mr. Jacobson should go ahead with the purchase of the pump. The Board agreed.

A complaint from Mr. John White was discussed. Mr. White has requested the District to reimburse him for damages in the amount of \$1,657.53. Mr. White alleged that a frozen valve caused sewage back up into his home. Chris Seward responded to Mr. White's call and explained to the Board that the ball check was stuck and there was ice inside and no insulation in the box.

Chairman House felt Mr. White should be present to present his case before the Board. Mike Schmidt stated that all sewage back up's are not always the District's responsibilities. Dustin Jacobson was directed to invite Mr. White to the Board meeting on April 28, 2010 at 5:00 p.m. and this issue will be placed on the agenda.

BOARD REPORTS

Chairman House explained that the Board had decided at the previous meeting to have the engineer and legal counsel attend only the 5:00 p.m. meetings unless the Board invites them to other meetings.

The Board discussed cost savings that the District will implement and having the attorney and engineer attending only one meeting a month is part of the savings. Board member Sewell questioned why Board member DePew needed to attend the aquifer meetings and the Spokane River Forum meetings. Chairman House stated that the Board is invited to the Spokane River Forum meetings and Board member DePew attends as a representative of the Board. At the aquifer meetings Board member DePew is the representative of Kootenai County.

The Hayden Canyon plans were given to the Board for review.

Chairman House reported that Representative Minnick will not be attending the meeting on the TMDL issue. They are trying to encourage Senator Crapo to meet with the EPA administrator in Washington on the TMDL regulations issue.

Board member DePew reported on the meetings he attended at the Spokane River Forum. Mr. Alan gave a very good speech, outlining Idaho concerns to the upcoming TMDL of the Spokane River. The two day forum was very informative.

ASSISTED LIVING HOMES

Administrator Lynn Hagman brought two assisted care facilities that have not been billed as such to the Boards attention. The assisted care facilities are located at 1921 E. Hayden View Dr. and 3265 E. St. James Ave. Board member Sewell questioned if the cap fees could be figured based on water consumption from the North Kootenai Water District.

Dustin Jacobson stated the facility on St. James has very high water usage. Board member Weinstein felt that the District needs to use the same formula as in past situations like this. Mike Schmidt informed the Board that there are two options, one is by how many beds are in the facility and the other is by water consumption. Mr. Schmidt suggested a letter from counsel be sent to the home owners and invite them to the next meeting for discussion. The Board agreed to the letter and asked Mr. Jacobson to get the water usage information from N.K.W.D.

ADJOURN

With no further business before the Board, at 7:45 p.m. **Board member Sewell moved to adjourn, seconded by Board member Weinstein. The motion carried.**

Kenneth Sewell, SECRETARY

Lynn M. Hagman, ADMINISTRATOR