

**MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
SIERRA LAKES COUNTY WATER DISTRICT**

June 4, 2010

Time: 5:03 p.m.
California

Place: 7305 Short Road, Serene Lakes,

I. Open Meeting

Directors in attendance at the Sierra Lakes Board Room were:

Director Wade Freedle – President
Director Ulrich Luscher
Director Bill Oudegeest

Director Martin D. Bern joined the meeting by telephone from 560 Mission Street, 27th Floor, San Francisco, California

Director Gene Bowles was absent.

Staff members present: Bill Quesnel and Anna Nickerson

Guests present were: Cheryl LeBel, Linda Waddle, Amber Waddle, and Fran Freedle

Minute Recorder: Anna Nickerson

II. Public Forum – None

III. Consent Items Calendar

The “Consent Items Calendar” was presented to the Board for review and approval. The consent items included the minutes from the May 14, 2010 Regular Meeting, May 2010 Check Register, and two new vendors; Ace Industrial Supply and Tahoe Forest Hospital District.

A motion was made by Director Luscher and seconded by Director Oudegeest “to approve the consent items calendar.” The motion passed on a roll call vote. Ayes: Freedle, Luscher, Oudegeest, and, Bern. Noes: none. Absent: Bowles. Abstentions:

none

IV. Operations

- A. Mr. Quesnel's "Operations Report" was presented to the Board for review and discussion. Director Oudegeest asked, in regard to Mr. Quesnel's report on the TV inspection results, if it was possible to determine whether water was coming in through a homeowners lateral or the District's lateral. Mr. Quesnel explained that, in the areas where I&I was noted, lateral tests would be performed on the District's laterals. If the lateral passed then the homeowner would be notified of a potential problem and that a test of their lateral would be required. There were approximately 27 leaking laterals noted during the TV inspection. In response to Mrs. LeBel's question regarding the testing, Mr. Quesnel said that smoke testing of larger areas was planned for the September to October timeframe.

Mr. Quesnel reported that the 2010/2011 Water Mainline project start date had been pushed back to July 6th due to the amount snow and ground water. He also said he expected the contractor's construction schedule within the next week and that the schedule would be posted on the District's website.

In response to Director Oudegeest's question, Mr. Quesnel said he had spoken with Tom Skjelstad regarding Donner Summit's Water Sample Analysis, which showed no results after January 7, 2010, and was told that Donner Summit's staff was in the process of updating the report but didn't know when the information would be available.

Director Bern asked if the GapVac was generating any revenue as anticipated when the truck was purchased. Mr. Quesnel said that District staff was currently scheduled to clear four miles of sewer line for Donner Summit, which should result in at least 40 hrs of billable time, and that last year the District billed \$10,000 or \$11,000 for GapVac services.

The Board reviewed and accepted both the "2009 Consumer Confidence Report" and the letter of explanation, written by Director Bowles.

Director Freedle proposed that the backhoe purchase, scheduled for the 2011/2012 fiscal year, be considered for the 2010/2011 fiscal year given the current market and the possibility of being able to purchase the equipment at a substantial savings; a possible 50% saving on a backhoe that would normally cost about \$80,000. In the past, the backhoe had been used for both excavation and snow removal. Mr. Quesnel agreed to check other areas, such as Las Vegas, and to prepare a cost analysis to be presented to the Board at the July meeting.

V. Old Business

- A. Director Freedle's "President's Report" was presented and discussed by the Board. Director Freedle reported that the 2010/2011 Budget was complete with receipt of the estimated wastewater facilities costs from Donner Summit. He also reported that the Water Supply Study could now be completed and anticipated that the study would be presented at the July 9, 2010 Board meeting for review and determination of the next step; whether more biological studies were required or whether the Board was ready to proceed. Director Luscher asked that total water use be characterized by the common denominator "acre feet per year" to avoid confusion; the number of EDUs, percentage of occupancy, and daily use rate were all used to determine acre feet per year.

Director Freedle discussed the recent trip of several Board members and Mr. Quesnel to the Kirkwood Wastewater Treatment Plant. The purpose of the tour was to observe an MBR treatment process. Although the operator was new on the job, the trip was considered useful.

Director Freedle discussed the schedule of upcoming meetings. He asked that the Board reconvene at the District office immediately following the June 21, 2010 Public Joint Wastewater Facilities Committee meeting to give the Board an opportunity to discuss the information presented at the public meeting. The meeting would depend on Director Bowles' ability to attend since Director Luscher and Director Bern were not available. The next Sierra Lakes County Water District (SLCWD) Board Meeting was scheduled for July 9, 2010 followed by a Sierra Lakes/Donner Summit Joint Board Meeting on July 10, 2010 where the final decision with regard to the Wastewater Treatment Plant would be made.

Director Luscher asked how the current plant was performing in regard to current permit requirements. Mr. Quesnel thought the current permit requirements were being exceeded sporadically but would see what information was available.

- B. Update on Water Rights Permit – discussed under item V. A.
- C. Donner's Wastewater Plant Upgrade/Expansion – Additional Information was presented to the Board for review. The information was to provide the Sierra Lakes' Board members insight into the Committee's recommendation.
- D. Director Freedle's May 28, 2010 memo regarding "Financing Status as a Joint Owner of the DSPUD Plant" was presented and reviewed by the Board. According to Catherine Hansford of ECO:LOGIC, joint ownership would technically improve Sierra Lakes' financing status; however, since SRF had an \$8 million cap on the project and preference was given to the primary owner, which

was Donner Summit, the available funds would possibly only cover Donner Summit's portion of the costs. However, should the \$8 million cap be based on Donner's capability to service the loan, inclusion of Sierra Lakes in plant ownership would increase the capability to service the loan and might increase SRF's loan cap.

- E. Director Freedle's May 28, 2010 memo regarding "Inclusion of a notice describing the Fire Prevention Program for the Summer of 2010 in our billing mailer" was reviewed and discussed by the Board. The Board agreed the letter was acceptable and would be included with SLCWD's July billings.
- F. The Draft "2010/2011 Water & Sewer Service Charges" statement was presented to the Board for review and approval. Director Freedle suggested that a letter be included with the 2010/2011 billing explaining the breakdown. Director Luscher asked that the year be added to the line "For Fiscal Year Beginning July 1 and Ending June 30". Director Freedle anticipated that the letter would be ready for review by the June 21, 2010 meeting.

VI. New Business

- A. The Board announced that there will be a public meeting on June 21, 2010, at 10:00 a.m. at the Mt. Judah Lodge, Sugar Bowl, to discuss the upcoming Wastewater Treatment Plant Upgrade/Expansion. Director Oudegeest said the meeting had also been posted on both the District and SLPOA websites and was noted in the SLPOA newsletter. Director Freedle added that the meeting would be a posted meeting so that all Board members could attend.
- B. Fidelity National Title Company's request to have SLCWD hold funds held back in accordance with Ordinances 47 & 84 until the required lateral tests were complete was presented to the Board for review and approval. Also presented was a "Funds Held Instruction" sheet, obtained from Truckee Sanitary District, modified with SLCWD's information. After some discussion, the Board agreed to hold funds, in accordance with the agreement, until the lateral tests could be complete.

A motion was made by Director Luscher and seconded by Director Oudegeest "to accept the changes in Funds Held Instructions." The motion passed on a roll call vote. Ayes: Freedle, Luscher, Oudegeest, and, Bern. Noes: none. Absent: Bowles. Abstentions: none

VII. Administration

- A. The "May 14, 2010 Meeting Follow-up" list was reviewed and discussed by the Board. All items were complete.

B. The May 2010 “Action Items List” was reviewed by the Board.

VIII. Finance

A. The “Disbursements Requiring Board Approval” was presented to the Board for consideration and action.

A motion was made by Director Luscher and seconded by Director Oudegeest “to accept the disbursements for Board approval.” The motion passed on a roll call vote. Ayes: Freedle, Luscher, Oudegeest, and Bern. Noes: none. Absent: Bowles. Abstentions: none

B. The May 2010 Financial Reports were presented to the Board for review. The Financial Reports included:

1. Operating Expenses Budget vs Actual (Month and Year-to-Date)
2. Capital Expenses Budget vs Actual (Year-to-Date)
3. Cash Flow Forecast – One Year
4. Cash Flow Forecast – Three Year

C. The 2010-2011 Budget was presented to the Board for consideration and action; included in the documentation were:

1. Calculation of Rate Covenant and
2. DSPUD’s Estimated Facilities Costs

The only changes made to the 2010/2011 Budget was the addition of the District’s portion of Donner’s estimated Facilities Plan costs for 2010/2011.

IX. Closed Session - None

X. Adjournment

A motion was made by Director Luscher and seconded by Director Oudegeest “to adjourn the meeting” at 6:14 p.m. The motion passed on a roll call vote. Ayes: Freedle, Luscher, Oudegeest, and Bern. Noes: none. Absent: Bowles. Abstentions: none

The next meeting was set for July 9, 2010 at 5:00p.m.

Financial Consultant

APPROVED BY:

President