

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

FEBRUARY 9, 2007

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:00 p.m., Friday, February 9, 2007, at the regular meeting place of the Board, 7300 Short Road, Soda Springs, California.

ROLL CALL:

The Directors in attendance at the Sierra Lakes Board Room were Wade Freedle, Ulrich Luscher, and Gene Bowles. Director Martin Bern was present by telephone from 560 Mission Street, 27th Floor, San Francisco, California. Director Bill Oudegeest was not present. Staff members present were Bill Quesnel, Judy Sieczkowski, and Dianna Smith. The guests present were Jim Biggar, George Spencer, Fran Freedle, Carrie Hoyt, Karen Kasten, Steven Cook, and Mike Livak for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the February 9, 2007, meeting was presented to the Board for approval. Freedle requested that item V.A. - Possible Release of Sewer Connection Permits by DSPUD, be moved to Item II.D., Item VIII.A. – Closed Session, be moved to Item II.E., and Item IV.D. – Update on Petition for Extension of Time on Water Rights Permit, be moved to Item II.F.

A motion was made by Luscher and seconded by Bowles to approve the February 9, 2007, Agenda, as amended. Ayes: Freedle, Luscher, Bern, Bowles. Noes: None. Absent: Oudegeest. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

There was no public forum.

CONSENT ITEMS CALENDAR:

Luscher requested removal of the January 2007, Check Register from the Consent Items Calendar, as he had questions on a few items.

ADMINISTRATION:

Approval of January 2007 Check Register.

The January 2007, check register was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve the January 2007, check register, as amended. Ayes: Freedle, Bowles, Luscher, and Bern. Noes: None. Absent: Oudegeest. Abstention: None. The motion passed unanimously.

CONSENT ITEMS CALENDAR:

A motion was made by Bowles and seconded by Luscher to approve the January 12, 2007, Minutes and new vendors on the Consent Items Calendar. Ayes: Freedle, Bowles, Luscher, and Bern. Noes: None. Absent: Oudegeest. Abstention: None. The motion passed unanimously.

NEW BUSINESS:

Possible Release of Sewer Connection Permits by DSPUD.

Donner Summit Public Utility District's January 18, 2007, Letter regarding Determination of Additional EDU's made Possible due to Recent Plant Upgrades was presented to and reviewed by the Board. Freedle's January 26, 2007, E-Mail regarding Additional Connection Permits was presented to and reviewed by the Board. Carrie Hoyt's February 6, 2007, Letter to the Board regarding Release of Sewer Connections was presented to and reviewed by the Board.

Freedle reported Tom Skjelstad with DSPUD informed him that Donner was making a review of the presently rated capacity of the wastewater treatment plant. Skjelstad informed Freedle that if there was additional capacity within the framework of the present plant, Sierra would be entitled to 44%. Skjelstad stated the Donner Board would make that determination at its February 20, 2007, meeting.

Director Bill Oudegeest arrived at the meeting at 5:13 p.m.

Freedle stated the Board cannot decide how it would release the additional connections, if any, until Donner releases them to the District. This matter was continued to the March 9, 2007, Board meeting.

Update on Petition for Extension of Time on Water Rights Permit.

The January 31, 2007, Proposal from Jones & Stokes regarding Water Supply Capacity Review was presented to and reviewed by the Board. Bern reported he suggested the District approve Task 1 and Task 2 and re-evaluate the proposal after the results are received. Luscher suggested that the District look into other environmental consultants to get additional proposals for this project. Bern stated the figures provided in the proposal are for a worst case, comprehensive report. Guest Livak suggested the District include Royal Gorge's development in future growth scenarios in Task 2, when considering the water rights permit. Livak stated he felt the District had a legal and moral obligation to provide service to Royal Gorge, LLC because the prior owner had granted the water rights associated with the properties to the District in exchange for the District committing to provide service to those properties in the future. Bern requested Livak provide the District with any documentation verifying that there is a legal obligation for the District to provide service based on the old holder of the water rights and the prior developer. Livak clarified that he did not assert there was a particular legal duty of the District, but suggested that there may be, and he would do his best to respond. Livak stated he hoped the District would consider Royal Gorge's potential development

when considering the water rights permit application process. Bowles stated that the Task 2 effort was to determine the current capacity of the existing system, which is the appropriate next step before exploring alternatives for expanding the system's capacity to meet new requirements.

A motion was made by Oudegeest and seconded by Bowles to approve Jones & Stokes to move forward with Task 1 and Task 2 in their January 31, 2007, proposal, for a sum not to exceed \$55,000.00. Ayes: Freedle, Bern, Bowles, and Oudegeest. Noes: Luscher. Absent: None. Abstention: None. The motion passed on a vote of four ayes to one no.

Director Bern advised that he did not have anything to report on the Closed Session matter, and left the meeting at 6:00 p.m.

OPERATIONS:

Operations Report from Bill Quesnel/Acumen Engineering.

Quesnel's February 9, 2007, Operations and Maintenance Review was presented to the Board. Quesnel reported the back up well has been removed from active to standby status and that there is a possibility that blending may be an acceptable method for treating arsenic. He reported that the title on the hydroflush truck has been transferred into the District's name.

The January 25, 2007, Letter from CDM regarding Information Request for Serene Lakes Data was presented to and reviewed by the Board. Quesnel's January 31, 2007, Fax Transmittal to CDM and his February 6, 2007, Letter to CDM were presented to and reviewed by the Board. Freedle reported CDM was hired by Royal Gorge, LLC to get information on the District's capacity and hydrology. Quesnel stated he had provided most of the information requested and was working on a couple things to get to them. Livak informed the Board that Royal Gorge was pursuing the information that is unavailable and that they would like to work with the District and its engineers as that information is developed.

Update on Upgrade to Control Systems for #2SPS, #3SPS and #4SPS.

Quesnel informed the Board that Sierra Control Systems had all the materials needed to upgrade the SCADA control system and would be coordinating with District staff soon to get started. The electrical plugs that allow the portable generator to plug into the pump stations are expected to arrive in four to five weeks. PG&E would be sending an estimator next week to gather the necessary information needed to have power extended to the #2 and #4 sewer pump stations.

Update on Fire Hydrant Snow Clearing.

Freedle's January 31, 2007, Letter to Truckee Fire Protection District regarding Sierra Lakes County Water District/Serene Lakes (CSA 28, Zone 16) Fire Hydrant Snow Removal was presented to and reviewed by the Board. Bern's February 2, 2007, E-mail regarding Report on Fire Hydrant Issues was presented to and reviewed by the Board.

The Board directed Quesnel to have staff monitor the snow removal process and within twenty-four hours after each storm provide Truckee Fire and the Sierra Lakes Board with a status report.

OLD BUSINESS:

President's Report.

The February 9, 2007, President's Report was presented to and reviewed by the Board.

Reorganization of Board Committees.

The Sierra Lakes County Water District Ad Hoc Committee Assignments as of January 14, 2005, was presented to and reviewed by the Board. Freedle appointed the Underground Infrastructure Replacement Committee as Freedle (Chairman), Bowles, and Quesnel, with community members Blake Tresan, Werner Siegert, and Joe Hannon. Freedle appointed a Communications Committee made up of Oudegeest (Chairman) and Bowles.

Update on County Reimbursement of Payment for Water Tank & Firehouse Landscaping.

Freedle reported A Garden Gecko would be performing additional landscaping. The District would bill Placer County when that work was completed. This matter was moved to the action items list.

Property Owners' Construction-in-Progress Logs.

The February 1, 2007, Construction-in-Progress Logs were presented to and reviewed by the Board.

Authorization to Release Two Withdrawn Connection Permits.

Sieczkowski reported the connection fees had been returned to 212 Quincy, LLC, and to Brett Osborn for failure to meet the connection permit requirements. She stated the refund check to Osborn had been cashed. She informed the Board she had spoken to Mark Mongiello with 212 Quincy who had forwarded the refund check to their legal counsel and was waiting for advice. The Board directed release of Osborn's connection permit to the next property owner on the waiting list, and not to release the 212 Quincy connection permit at this time.

Underground Infrastructure Replacement Program Ad Hoc Committee Report.

Freedle's January 19, 2007, Memorandum regarding Underground Infrastructure Replacement Program (UIRP) Ad Hoc Committee – Membership, Freedle's January 23, 2007, Memorandum regarding Tahoe Donner Property Owners' Association - Undergrounding Feasibility Study, and Freedle's January 26, 2007, Memorandum

regarding Underground Infrastructure Replacement Program Outline and Definition of Responsibilities were presented to and reviewed by the Board.

Freedle reported the Underground Infrastructure Replacement Committee had a meeting earlier today and reviewed the components that would need to be addressed. If the community decides to go forward with undergrounding the utilities, it would have a major impact on the planning for the trenching and installation of the water lines. If the community does not go forward with undergrounding, the process would be much simpler. The committee reviewed the CVO Electrical Systems study to install utilities in Tahoe Donner. The committee concluded it would move forward with developing all the data necessary to construct an Assessment District. The committee needed to develop information for a rough order of magnitude that would be enough to define the costs and facilities that would be provided to the people in the Assessment District. First is the cost of trenching for utilities, which would be in conjunction with trenching for water mains and laterals. Freedle stated the committee recommended the Board direct CVO to compare data and provide a cost to underground utilities in the District. The committee also recommended performing a straw vote, once a cost was obtained, before there was an Assessment District developed.

A motion was made by Oudegeest and seconded by Bowles to authorize the URIP Committee to engage CVO Electrical Systems to provide figures to underground utilities in the District, not to exceed \$15,000.00. Ayes: Freedle, Luscher, Bowles, and Oudegeest. Noes: None. Absent: Bern. Abstention: None. The motion passed unanimously.

ADMINISTRATION:

January 12, 2007, Meeting Follow-up, and February 2007, Action Items List.

The January 12, 2007, Meeting Follow-up and the February 2007, Action Items List were presented to and reviewed by the Board. The following was noted:

- Freedle prepared and sent a letter to Robert Johnson regarding the Audit recommendations. In addition, he inquired in regard to the financial liability for retirees' medical insurance that will become effective in 2010.
- The request to Placer County for reimbursement of the firehouse landscaping was moved to the Action Items List for additional landscaping costs yet to be completed.
- Bern had requested and received a proposal from an environmental consultant regarding the CEQA requirement for the water rights permit.
- Quesnel had staff start testing the well.
- Quesnel applied for and received authorization to maintain use of the well, and advised that the well had been put on standby status.
- Bern and Quesnel had contacted Truckee Fire regarding the fire hydrant snow removal program.

- The title for the hydroflush truck had been released by DSPUD and SLCWD now holds sole title.
- Luscher prepared and sent a letter to Kronick accepting his resignation as District counsel.
- The Board received the District notices/instructions regarding the connection permit waiting list.
- Freedle developed an outline of all components of the Underground Infrastructure Replacement Program.
- Quesnel reported he had contacted contractors to televise the sewer lines and was looking into data the District had on the history of previous televising work.
- Quesnel reported he had contacted a bay area corrosion engineer who had provided him with useful data proving AC pipe generally corrodes from the outside. He suggested using a Petrographer to test the AC pipe, to test in high water areas, testing the pH, soil samples, and to look for longitudinal cracks. The Board directed Quesnel to provide the engineer with a scope of work to sample the AC pipe, and provide a report to the Board.
- Quesnel had provided a copy of the Tahoe Donner underground utility study to the Board.
- Freedle had contacted DSPUD in regard to the possible release of sewer connections.
- Board and staff had reviewed and provided further information to Oudegeest for the District website.
- The Board was polled as to their contact information to be posted on the website.

Website FAQ's.

Oudegeest presented Sieczkowski's suggested website frequently asked questions to the Board for review and approval. This matter was continued to the next Board meeting.

FINANCE:

DISBURSEMENTS REQUIRING BOARD APPROVAL:

Acumen Engineering Company.

The February 1, 2007, Invoice #3 from Acumen Engineering Company in the amount of \$7,390.00 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve Acumen Engineering's Invoice #3, in the amount of \$7,390.00. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstention: None. The motion passed unanimously.

DSPUD 2004/05 Audit Billing.

Freedle reported he was still waiting for the backup material for the 2004/05 Audit billing.

A motion was made by Bowles and seconded by Luscher to pay \$20,000.00 toward the Donner Summit Public Utility District's 2004/05 Audit Billing. Ayes: Freedle, Luscher, Bowles, and Oudegeest. Noes: None. Absent: Bern. Abstention: None. The motion passed unanimously. The balance owed on the billing was moved to the Action Items List for Freedle to review the backup material when it is received from DSPUD.

Ellison, Schneider & Harris, LLP.

Ellison, Schneider & Harris, LLP's invoice for December 2006, legal services in the amount of \$585.00 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Oudegeest to approve Ellison, Schneider & Harris, LLP's invoice in the amount of \$585.00. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstention: None. The motion passed unanimously.

Operating Budget-to-Actual (Monthly and Year-to-Date).

The January 2007, monthly and year-to-date Operating Budget-to-Actual Reports, were presented to and reviewed by the Board.

Capital Projects Budget-to-Actual.

The January 2007, Capital Projects Budget was presented to and reviewed by the Board.

Cash Flow Projection Summary and Breakdown.

The February 1, 2007, Cash Flow Projection Summary and Breakdown were presented to and reviewed by the Board.

CLOSED SESSION:

Real Estate Negotiations – (California Government Code Section 54956.8)
Property: Parcel No. 069-020-068-000
Agency Negotiator: Wade Freedle
Negotiating Parties: SLCWD & Royal Gorge, LLC

Under Negotiation: Price & Terms of Payment

A motion was made by Luscher and seconded by Oudegeest to move the meeting into closed session at the hour of 8:45 p.m. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstention: None. The motion passed unanimously.

OPEN SESSION:

A motion was made by Luscher and seconded by Bowles to move the meeting into open session at the hour of 9:10 p.m. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstention: None. The motion passed unanimously.

Freedle reported that no action was taken in closed session.

ADJOURNMENT:

A motion was made by Luscher and seconded by Bowles to adjourn the meeting at 9:11 p.m. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstention: None. The motion passed unanimously.

Administrative Assistant II

APPROVED BY:

President