

APPROVED
DONNER SUMMIT PUBLIC UTILITY DISTRICT
P.O. BOX 610 – SODA SPRINGS – CALIFORNIA – 95728
TELEPHONE (530) 426-3456 – FAX (530) 426-3460

Minutes of the Special Meeting of the Board of Directors
Held: January 20, 2011 at Mt. Judah Day Lodge, Sugar Bowl Ski Area

STAFF PRESENT: Tom Skjelstad, General Manager; Jim King, Plant Manager; Julie Bartolini, Office Manager

OTHERS PRESENT: Geoffrey O. Evers, General Counsel; Catherine Hansford, HEC; Russ Powell, EPS; Dave Fama, Jones Hall; Peter Van Zant, Sierra Watch; Tom and Louise Burns, Jeff and Ursula Heffernon, Ray Brandt, Cameron Peter, Sara Schrichte, Jim Kaspari, Philip E. and Beverly Fleming, Chris Kraft, Wade Freedle

1. Call to Order

The Special Meeting of January 20, 2010 of the Donner Summit Public Utility District Board of Directors was called to order at 6:06 p.m. by President Cathy Preis, at Mt. Judah Day Lodge, Sugar Bowl Ski Area.

2. Roll Call

Cathy Preis, President	- Present
Dave Oneto, Vice President	- Present
Bob Sherwood, Secretary	- Present
Philip Gamick, Director	- Present
Taylor Dolph, Director	- Present

3. Public Participation

None

4. Consent Calendar:

All items listed under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board requests an item to be removed from the Consent Calendar for a separate action. Any items removed will be considered after the motion to approve the Consent Calendar.

- A. Cash Disbursements – General, Month of November 2010 --
\$ 231,315.85**
- B. Cash Disbursements- General, Month of December 2010-
\$154,166.68**
- C. Cash Disbursements – Payroll, Month of November 2010 --
\$ \$59,241.81**
- D. Cash Disbursements- Payroll, Month of December 2010 –
\$53,929.68**

Motion: Accept the Consent Calendar
By: Bob Sherwood
Second: Dave Oneto
Vote: 5 Ayes, 0 Noes, 0 Absent, 0 Abstain
Motion Carries

5. DSPUD Wastewater Upgrade and Expansion Project Sewer Rate Workshop - review of previous Public Outreach meetings, summary of the Project, and Financing Options for the Project –

Cathy A. Preis- President, DSPUD Board of Directors- review of Public Outreach for the Project – Cathy Preis introduced herself and gave a review of the Donner Summit Public Utility District's Outreach Efforts that have been made to inform the public what the District needs to do in order to bring the wastewater treatment plant into compliance with the permit issued by the State Water Quality Control Board by 2014.

- Since May of 2008 numerous Board and Joint committee (DSPUD and SLCWD) publicly noticed workshops and committee meetings.
- Contract Consultants
- Review of plant upgrade options
- Discussion of financing options
- Selection of preferred project
- Engineering pre-design of project
- Environmental scoping
- Website postings and coordination with other groups

Tom Skjelstad- General Manager, DSPUD –summary of the Project
Tom Skjelstad introduced himself and thanked everyone for coming to the meeting. He explained that the project is necessary to bring the wastewater treatment plant into compliance with the new permit that was issued in April of 2009 for the new regulations handed down by the Regional Water Control Board. The Donner Summit Public Utility District has five years from that date to come into compliance with this permit or fines will start incurring. He explained that every five years we will have to apply for a new permit. The main reasons the District is consistently out of compliance are erratic flows, temperature and loads. The project includes the following:

- Increase Flow Equalization Storage by 750,000 gallons
- Heat Transfer and Temperature Management
- Membrane Bio Reactor (MBR) Filtration System
- Chemical Feed Facilities
- Disinfection Ultra Violet (UV) Light
- Increase Irrigation Facilities

A Lengthy discussion ensued, many questions were asked.

Q. How will you get power in the event of a power outage?

A. There are two new stand-by generators in the plant expansion that will operate the plant in the event of a power outage.

Q. What are the cost of the fine if we don't comply?

A. Mandatory fines from the State Water Resource Control Board for exceeding nitrates are a minimum of \$3,000.00 per occurrence. They can fine up to \$10,000.00 per day.

Q. MBR is that post settling?

A. Replaces settling.

Q. How much do the resorts pay?

A. Sugar Bowl pays 25%. Boreal pays 13%. Donner Ski Ranch pays less than 10%. Soda Springs pays less than 5%.

Catherine Hansford, Hansford Economic Consulting: review and update of financing strategy and potential cost impact to customers. Catherine Hansford gave a presentation on Financing Strategy and Paying for the Project. See Exhibit A.

Russ Powell, Economic and Planning Systems, special tax consultant for Community Facilities Districts (CFD), overview of formation of a CFDs Russ Powell explained the Formation Process and Timeline for a CFD

2011

Jan – March Initiate CFD and Prepare Documents (map, list of facilities, tax formula), approved CFD Goals and Policies

March Resolution of Intention (Board Meeting)

April Notice of Hearing

May Hearing (Board Meeting) – if no majorority protest by registered voters, voters, continue with Resolution of Formation

August Special Election of Registered Voters – requires 2/3rds approval to pass

September Resolution Canvassing Election (Board Meeting)

October Ordinance to Levy Special Tax Effective

2012

July Calculation of special taxes, placement on tax rolls for FY 12-13

November First Taxes Due (with property tax)

David Fama, Jones Hall: Bond Counsel with Jones Hall, San Francisco office. Dave Fama explained what a Community Facilities District is and how its works:

- State Law allows Creation of a CFD for Long-term Financing of Improvements
- People Vote on Purpose, Length and Maximum Annual Amount to be Taxed
- Tax is not a Personal Liability; it Stays With the Property upon Sale
- CFD Tax is Paid With and is Similar to Property Taxes
- Tax is a Deduction for Income Tax

Dave also explained the Advantages of a Community Facilities District (CFD)

Annual payments are Special Taxes due with Property Taxes and Special Taxes are a Tax Write-off

Secure and predictable revenue stream for DSPUD; the pledged revenue for the CWSRF loan is not subject to future rate increases (proposition 218 process)

Special taxes will began to be collected with property taxes Fiscal Year 2012-136 (first payment November 2012) and cannot increase beyond the maximum set by a vote of land owners and / or registered voters

Customers can prepay the special tax on their property (or partially prepay)

The CFD is only authorized to finance specified facilities; keeps the Project cost separate from regular operations of the sewer system

Collection ease for DSPUD – Placer and Nevada Counties will send DSPUD the special taxes (no cash flow issue since loan payment due only once annually)

The CFD can be created to best suit the customer base; taxes may be collected on reasonable nexus

6. Public Participation

- 7. Discussion of the Preferred Financing Method-** discussion and possible action regarding the preferred financing method. Catherine solicited comments from the Board of Directors. A lengthy discussion ensued regarding the value of the existing plant, also the equitability of the costs to existing versus future costumers will be revisited. It was the concensus of the Board of Directors that a CFD is the preferred method of financing

Motion: To Proceed with a Community Facilities District
By: Bob Sherwood
Second: Dave Oneto
Vote: 5 Ayes, 0 Noes, 0 Absent, 0 Abstain

Motion Carries

A. Sewer and Water Department – Jim King, Chief Plant Operator

- 1. Waste Water Flow Data – for December, 2010 - Reported**
- 2. Fresh Water Flow Data – for December, 2010 - Reported**
- 3. Operations and Maintenance Summary – Reported**

B. Monthly Safety Committee Meeting Minutes, Months of November and December.

Motion: Accept the Safety Committee Meeting Minutes, for November and December

By: Bob Sherwood
Second: Taylor Dolph
Vote: 5 Ayes, 0 Noes, 0 Absent, 0 Abstain

Motion Carries

8. Adjournment

Motion: Adjourn Meeting at 9:08 P.M.
By: Dave Oneto
Second: Taylor Dolph
Vote: 5 Ayes, 0 Noes, 0 Absent, 0 Abstain

Motion Carries

Schedule of Upcoming Meetings

Regular Meeting - February 15, 2011
Regular Meeting - March 15, 2011
Regular Meeting - April 19, 2011

The wording in these minutes are as reread from the notes by the Clerk of the Board.

Respectfully Submitted,



Deleane Mehler
Clerk of the Board