

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 4, 2011**

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

OTHERS PRESENT: Geoffrey O. Evers, General Counsel by way of telephone; Catherine Hansford, Hansford Economics Consulting; Russ Powell, Economic and Planning Services; David Fama, Jones Hall Bill Quesnel; Cheryl Lebel; Wade Freedle; Chris Parker; Jim Curtis, Legal Counsel for Sierra Lakes County Water District; Sara Schrichte, Donner Summit Area Association

1. Call to Order

The Special Meeting of January 4, 2011 of the Donner Summit Public Utility District Board of Directors was called to order at 6:11 p.m. by President Cathy Preis, at 53823 Sherritt Lane Soda Springs, California.

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. Financing the Wastewater Treatment Plant Improvements and Expansion Project

Catherine Hansford began the presentation by discussing the Project Cost and Paying for the Project. The current cost estimate for the project is \$21,262,320. The cost allocation on an EDU basis for existing and reserve (those having capacity entitlements) customers is estimated at \$9,848 and for future customers desiring capacity \$10,427 per EDU. SLCWD customers will pay less due to lower flow and loads from their system.

Catherine continued by discussing financing sources; USDA and State Revolving Fund. Catherine presented three scenarios; 100% USDA, Combination of USDA and SRF, and 100% SRF. Through analysis including Project Cost Share and Estimated Annual Debt Service it was evident that DSPUD should pursue Project financing using the 100% of SRF and SLCWD would be better to use USDA

funding. Catherine then reviewed the estimated monthly increase to existing customers estimated at \$42.85 or a 39% increase.

Catherine concluded her presentation by identifying the three user classes: existing, reserve (those who have paid for capacity but not yet connected to the system) and future customers.

Bob Sherwood asked why the District should fund the project using 100% SRF. Catherine explained that the Planning Loan that the District secured through SRF can be wrapped into a construction loan meaning that the first payment of the Planning Loan won't be due for a year after the project is completed, SRF may refinance the District's current debt on the Accu Web project (currently at 5.62%), and the SRF interest rates are lower than USDA for small disadvantaged communities.

Dave Oneto asked if Operations and Maintenance budgets will increase due to the project. Tom Skjelstad and Jim King said they felt operating budgets will increase due to more energy required by the improvements.

Dave Fama then gave a history of Special Benefit Assessment Districts (SBAD) and Community Facilities Districts (CFD). Assessment Districts operate under the 1913 Bond Act and CFDs were created in the 1980s. Both SBAD and CFD are secured by land. SBAD must show that there is a special benefit to the property being assessed. CFD are not required to show special benefit. CFDs allow for accelerated foreclosure on properties that default on debt payments. CFD taxes are tax deductible and SBAD are not. SBAD are voted on by property owners, CFDs are voted by registered voters if more than 12 registered voters live in the CFD. CFDs are flexible in that more than one CFD can be created within the DSPUD boundary. In recent years SBADs that have been approved by voters have been challenged in court. There are recent court rulings that have overturn SBADs.

Russ Powell then gave an overview on CFDs. Russ talked about schedules, tax implications, Board of Directors initiation of CFD, and other details in setting up a CFD or multiple CFDs.

Jim Curtis, stated that yes SBADs have been overturned in court but the three cases cited by Dave Fama are different from the SBAD contemplated by both Districts. Jim felt that it would not be difficult to show special benefit for the project.

Tom Skjelstad stated that if a SBAD is based on one vote per EDU then the resort and business community would have the majority of votes. And although a CFD is voted on by registered voters the District could create multiple districts so that resort and business could have a separate CFD, existing rate payers could have a separate CFD and future customers could have a separate CFD.

5. Set Date for Rate Workshop

The Board decided to keep the original date for the Rate Workshop. The Rate Workshop would be a part of a Special Board meeting. The date and time were set; January 20, 2011, 6 to 8PM at Sugar Bowl. It was also decided that since the two districts, DSPUD and SLCWD, were pursuing different financing vehicles there was no need to make the January 20 meeting a joint meeting. Wade Freedle concurred.

6. Set Date for January 2011 Regular Board Meeting

See item 5 above.

7. Public Participation

8. Adjournment

Bob Sherwood moved to adjourn the meeting. Taylor Dolph seconded the motion. It was unanimously voted to adjourn the meeting. The meeting was adjourned at 8:48PM.

These minutes were taken from notes by Tom Skjelstad.

Respectfully Submitted,

Thomas G. Skjelstad
General Manager