

MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS  
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT  
THURSDAY NOVEMBER 10, 2011  
AT THE HOUR OF 5:30 PM

CALL TO ORDER: The meeting was called to order by President Dornbrook at 5:30 pm.

MEMBERS PRESENT: Present were President Dornbrook, Directors Majors, Smith, and Richert. Also present were Manager Henie, Assistant Manager Sharp, Fire Chief Rick Ansel, Matt Wheeler (District Engineer), Drew Meteer (District Administrative Assistant & Audio/Video Technician), Bruce Gianola (Kirkwood Community Association), Dave Likins, Cheryl Stern, Geoff Smith, Judy Flinn, Jan Hill, Don Klein, Bob Ende (Community Members / Residents).

MEMBERS ABSENT: Director Lacey

MINUTES APPROVAL: The minutes from the October 15, 2011 District Board Meeting were approved as written with minor corrections.

ORAL COMMUNICATION/  
PUBLIC INPUT:

District Engineer Matt Wheeler gave a brief update his activities. Mr. Wheeler completed the water testing rehab analysis of Well # 2 and ground water monitoring compliance. Mr. Wheeler assisted staff with a water flow issue at the Mt. Club fire riser, flushing of rocks from the line, exercising of valves, and mapping the water line in the area. Mr. Wheeler also toured the system to become more familiar with the water system infrastructure.

Community Member / Resident Judy Flinn thanked the Board and District staff for the excellent job they each do.

Kirkwood Community Association President Bruce Gianola reported the Mt. Club fire system has been reactivated and has passed / approved by the county. Mr. Gianola also thanked the District staff for all its hard work to resolve the problem.

Dave Likins from Kirkwood Mountain Resort questioned if we should expect or assume to find more rocks elsewhere within the water system or if rocks are getting into the water system? Assistant Manager Sharp stated the water system is pressurized and rocks are not able to get in. Further, the District has an

inspection and flushing program to help prevent this from happening during the construction of water lines. Assistant Manager Sharp stated this was an isolated incident and this has been the only location found in the District where this was a problem.

5A. AGENDA ITEM: Continued Discussion Regarding Overall Project Reviews Associated with Construction of the In-Valley Electrical Powerhouse and Connection of an Electrical Line to the National Electrical System and the Financing Direction for Both.

Assistant Manager Sharp reported that construction of the power house is moving forward with several key accomplishments. All switch gear has been delivered and placed into position. The concrete pour for the radiators and exhaust stacks have been completed and the radiators have been set. The asphalt around the back has been laid. The switch gear room and other areas like the office has been sheet rocked textured and painted. Wiring for equipment is being pulled. The cross connection between the residential and commercial loops has been eliminated and we now have three circuits once again. The ammonia tank was relocated and is in place. The District is still awaiting the arrival of the five Volvos which should be this month.

Assistant Manager Sharp stated we are anticipating a startup in early or mid December and currently looking into hiring more staff to accommodate ski resort operations.

Assistant Manager Sharp handed out a current Powerhouse cost breakdown.

Assistant Manager Sharp reported the Energy Finance Committee, District Consultants and District staff continue to work on the finance issues and funding options for the In-Valley and Out-Valley projects. The RUS loan application continues to be the main focus with the submittal date being tied to the approval of the EIR/EIS.

Assistant Manager Sharp reported Randy Finken is soliciting interest from consultants to prepare a RFP to power providers to enter into letter of intent with the District. This is a requirement of the RUS loan application and will eventually lead to a power purchase agreement for the out valley project.

Dave Likins with Kirkwood Mountain Resort asked about the status of the electrical connection for the resort's snow making system. Assistant Manager Sharp replied Dave Morton from Power Secure, along with Dave Meyers and other Kirkwood

Mountain Resort staff were working together to make the connection happen this week.

Director Richert inquired if there was a formal or informal snow making operations agreement between Kirkwood Mountain Resort and the District. Dave Likins said it would be probably be an informal agreement for the first few weeks but he will have Dave Meyers from his staff formalize an agreement with the District.

Director Richert asked if the request for proposal for consulting services would include the renewable requirements issue. Assistant Manager Sharp said the request for proposal (RFP) was just a request to hire a consultant that will actually produce a RFP that will go out to the power providers. The consultant hired will then have to address the renewable portfolio needs to cover the government requirements as part of the RFP.

5B. AGENDA ITEM:

Presentation by Resource Concepts, Inc on the Preliminary EIR/EIS for the Electrical Transmission Line into Kirkwood (Out Valley Project). Resource Concepts Inc.

Assistant Manager Sharp gave a brief background on the joint Environmental Impact Statement/Environmental Impact Report (EIS/EIR) pursuant to the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) for the Kirkwood Meadows Power Line Reliability Project.

Assistant Manager Sharp provided the Board with a draft of the EIR/ EIS for review and comment. Approval of the final EIS/EIR is scheduled for a future Board meeting.

JoAnn Robin with Resource Concepts Incorporated gave a PowerPoint presentation on the Preliminary EIR/EIS for the Electrical Transmission Line into Kirkwood (Out Valley Project).

Assistant Manager Sharp handed out a document provided by the District's attorney Dick Shanahan that lists the District's role, steps and time table in the process once the CEQA document is certified.

5C. AGENDA ITEM:

Review and Possible Approval of Resolution No. 11-11 Approving the Application for Membership in the National Rural Utilities Cooperative Finance Corporation Regarding Future Electric Funding.

Assistant Manager Sharp gave a brief background for the resolution and stated the District's Rural Utilities Services - RUS consultant Howard Barnes, introduced the District to the National Rural Utilities Cooperative Finance Corporation (CFC). This nonprofit corporation's purpose is to provide, secure and arrange financing for its members who are primarily cooperative or nonprofit corporations, public corporations, utility districts and other public bodies.

Assistant Manager Sharp stated many of CFC's members have federal fund loan guarantees and along with their bulk loan ability (900+ members) enables them to offer very attractive interest rates to their membership.

Assistant Manager Sharp stated membership requirements include the payment of a fee of \$1,000.00 and the adoption of Resolution approving the membership application.

Assistant Manager Sharp stated that the District's attorney Shanahan has also reviewed and approved this proposed CFC Resolution.

Director Richert asked if there are any ongoing costs or other obligations. Assistant Manager Sharp said no.

Assistant Manger Sharp recommended approval of Resolution No. 11-11 approving the application for membership in the National Rural Utilities Cooperative Finance Corporation regarding future electric funding.

Director Smith moved to approve Resolution No. 11-11 approving the application for membership in the National Rural Utilities Cooperative Finance Corporation regarding future electric funding. Director Richert seconded the motion and it carried by the following voice vote:

AYES:	President Dornbrook, Directors Majors, Richert and Smith
NOES:	None
ABSENT:	Director Lacey
ABSTAINING:	None
MOTION:	Passes

5D. AGENDA ITEM: Update Regarding Efforts to Negotiate a Service Level Agreement with Power Secure for the Operations and Maintenance of the New Powerhouse.

Assistant Manager Sharp gave a background of the work of the Engineering Committee on securing a Service Level Agreement with Power Secure for the operations and maintenance of the new powerhouse.

Assistant Manager Sharp referenced a revised Service Level Agreement (found in the board packet) from Power Secure that was reviewed and modified by Attorney Shanahan.

Assistant Manager Sharp stated the Engineering Committee felt that an alternate approach should be researched where the District would assume more of the owner and staffing responsibility and reduce the contract cost to a manageable level. The District would supply staffing as needed beyond the 40 hour per week provided by Power Secure and also assume all building maintenance and material procurement needs.

Assistant Manager Sharp stated that the Engineering Committee recommended revising the agreement with Power Secure into a six month term and breaking out the cost into three components; staffing, service, and the NexGear Remote Monitoring 24/7 Dispatch Services.

Director Richert stated the Engineering Committee is considering the following: To utilize the remote monitoring for staffing to reduce personnel costs. To explicitly request that the service level agreement state what are the performance standards, including the frequency and voltage variations, to monitor the generators to ensure that they are well within the range they were designed for. Further, to have Power Secure provide ongoing data against those standards to identify problems. Finally, to be really clear of what the roles and responsibility of Power Secure and the District to avoid any confusion that could happen.

Assistant Manager Sharp also stated Power Secure has guaranteed to have a technician on site during resort operations 40 hours a week to monitor the temporary generators and assist with the new powerhouse construction.

5E. AGENDA ITEM: Clarification on the District's Electric Net Metering Policy and an Update on Electric Renewable Requirements.

Assistant Manager Sharp referenced a Memo dated October 25, 2011 from Jeffery Gray and Robert Gex of Davis Wright Tremaine LLP which discussed Net Energy Metering.

Assistant Manager Sharp wanted to clarify that the District's Electric Net Metering requirements are what the District's Ordinance says.

Assistant Manager Sharp stated Net Energy Metering is available to any customer that uses a solar or wind turbine to generate their own power.

Assistant Manager Sharp stated that the customer is required to provide a meter that can meter in both directions and the net of that is billed to the customer unless there is a surplus. In any one month if a customer uses more District power then the customer can put back into the system, then the District will bill the customer at our ongoing rate at a net basis.

Assistant Manager Sharp stated if the customer has a surplus, or produces more power into the system than they use, then the District will pay the customer back at the avoided cost.

Assistant Manager Sharp referenced a memo from Davis Wright Tremaine LLP dated 11/7/11. This memo addresses the renewable resource procurement plan and Assistant Manager Sharp recapped the information provided in memo.

Assistant Manager Sharp reviewed the renewable procurement obligations for compliance including the percentage increases to required 33% by Dec 31, 2020.

Assistant Manager Sharp stated if the District is connected to grid the renewable procurement obligations would be included in the power purchase agreement. If not on the grid, then the District would have to purchase renewable energy credits from someone who has a surplus and the Energy Finance Committee is currently looking at what those costs would be.

5F. AGENDA ITEM:

Review and Possible Approval of Proposal by the CFO Group, Inc. to Assist the District with Ongoing Accounting Issues.

Assistant Manager Sharp reviewed the information provided to the Board and gave a brief background of the District's current limitations with software (Continental) for billing and accounting.

Assistant Manager Sharp stated the District's RUS consultant has advised the District of the need to convert current software to a RUS compliant software system.

Assistant Manager Sharp stated the District is now in the process of reviewing five different software packages that are RUS compliant.

Assistant Manager Sharp stated there will be a delay in the District developing one bill for all services because of the need for new software.

Assistant Manager Sharp stated that members of the Energy Finance Committee have met with the CFO Group, Inc. on several occasions. The CFO Group is a team of experienced accounting professionals and certified public accountants that provide public accounting services and accounting consulting.

Assistant Manager Sharp stated it was staff's recommendation to approve the proposal from the CFO Group to provide accounting services on a time and material basis.

Director Majors also commented that the Finance Committee recommends hiring the CFO Group for accounting services too.

Director Richert asked if the software would have technical support and Assistant Manager Sharp said it would.

Homeowner Jan Hill asked if there would be someone from the CFO Group assigned for the District. Assistant Manager Sharp said the CFO Group will have someone assigned as the District's account manager.

Director Richert moved to approve the CFO Group Inc. proposal to assist the District with ongoing accounting issues. Director Dornbrook seconded the motion and it carried by the following voice vote:

AYES:	President Dornbrook, Directors Majors, Richert and Smith
NOES:	None
ABSENT:	Director Lacy
ABSTAINING:	None
MOTION:	Passed

5G. AGENDA ITEM: Update and Possible Action Related to Ongoing Efforts and Direction of the Planning Committee.

Director Richert stated the material on the update and possible action related to ongoing efforts and direction of the Planning Committee is located on the website and in the Board packet.

Director Richert stated the Planning Committee has agreed upon some assignments, such as review of the new software package and development of a new committee structure.

Director Richert also stated the Planning Committee is looking into energy planning to find out what information the Board may need to make good decisions about energy supply, etc. They will be working with community members like Sid Long to seek advice about District activities as well as contacting places such as Bear Valley and Truckee Donner Power to find more information about energy supply.

Community Member / Resident Geoff Smith commented about the new the committee structure that would be introduced at the next Board meeting in December that would reduce the current standing committee size from thirteen to five. The five committees would be:

- Budget/Finance
- Planning
- Communication
- Capital Projects
- Operations

Community Member / Resident Geoff Smith further stated the Planning Committee is also reviewing District policy on committees, business plans / charters and seeking help from the community to sit on the different committees.

Director Major stated he wished the committees well.

TREASURER'S REPORT: President Dornbrook informed the Board that the November 10, 2011 Consent for Claims totaling \$ 562,037.28 is before them for review and approval.

Director Majors moved that the November 10, 2011 Consent for Claims totaling \$562,037.28 be approved and all checks be

signed. Director Richert seconded the motion and it carried by the following voice vote:

AYES:	President Dornbrook, Directors Majors, Richert and Smith
NOES:	None
ABSENT:	Director Lacey
ABSTAINING:	None
MOTION:	Passed

The Board reviewed the current monthly financial statement.

**MANAGER'S REPORT:** Manager Henie presented for Board review, the revenue comparison for October 2010 versus October 2011. The figures show an increase of \$166,354 versus the same month last year. This amount also includes Electric and Propane. Manager Henie recommended to the Board to look into breaking out the comparison charts by service to get a better idea of the actual revenue comparison.

Manager Henie stated he received a draft of a document from Paul Ballard who is the consultant hired to do an acoustical environmental noise assessment for the new powerhouse. In the letter Mr. Ballard stated he would like to come up and measure the generators after they are started to finish his study. This way he can have a more complete assessment for noise and properly make recommendations for noise abatement mitigation measures and their associated costs.

Manager Henie commented that the transfer of responsibilities to Assistant Manager Sharp is almost complete and Michael has done a very good job of picking up those responsibilities.

Manager Henie congratulated the two newly elected Board members Bob Ende and Standish O'Grady. He also recommended that the new Board members check with District staff on the formal procedures on taking office in December.

Manager Henie reflected on all the activities and accomplishments of the board during the 19 ½ years of his service for the District. Some examples he gave were the following; expansion of the waste water treatment facility, development of wells, vector

control, building of the community playground, providing snow removal, building employee housing, etc.

Manager Henie also thanked Director's Lacy and Majors for the many years of service working for the District.

**FIRE CHIEF'S REPORT:** Chief Ansel discussed the 3 emergency calls that took place during the month of October 2011. Chief Ansel stated that two of these calls originated in Alpine County and one call originated in Amador County.

Chief Ansel stated that the department held four regularly scheduled meetings for the month of October 2011. Chief Ansel stated that during these meetings the volunteers reviewed calls, checked protective equipment, reviewed winter driving operations and pre fire planned the area around Kirkwood Mountain Resort's Vehicle Maintenance shop and Renwick Employee Housing.

Chief Ansel stated there were no billable EMS calls or Fire Recovery calls for the month of October 2011.

Chief Ansel stated that the annual chipping program was completed during the first week of October with 27 homeowners participating in the program this year.

Chief Ansel stated that the Fire Committee met and discussed general operations of the fire department as well as possible options for increasing the annual fire assessment fees.

**ADMINISTRATIVE  
REPORT:**

Manager Henie discussed with the Board the Administrative Report dated November 10, 2011.

**GENERAL DISCUSSION:** None

**CLOSED SESSION:** At 8:39 pm President Dornbrook announced that the Board would be going into Closed Session pursuant to Government Code 54957.6

**OPEN SESSION:** At 9:15 pm President Dornbrook reopened the Open Session and announced that the Board had approved the following actions:

- That the annual Christmas Party was approved as proposed by staff;
- That the annual Christmas bonuses were approved as proposed by the District Treasurer;

November 10, 2011  
Page 11

- That Manager Henie's accrued, unused sick time (20 days) would be paid out at the end of the year.

ADJOURNMENT:

There being no further business to come before the Board, President Dornbrook adjourned the meeting at 8:40 pm.

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Secretary

**\*A complete audio recording of this meeting is available on the District's website [www.kmpud.com](http://www.kmpud.com)**