

MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS  
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT  
SUNDAY, SEPTEMBER 1, 2013  
AT THE HOUR OF 8:00 A.M.

**CALL TO ORDER:** The meeting was called to order by President Richert at 8:00 a.m.

**ANNOUNCEMENTS:** Manager Sharp stated that this meeting is being fed live over the internet and that the public can view this meeting by going to our web site, [www.kmpud.com](http://www.kmpud.com) and follow the appropriate link and if the public would like to make a comment they may send an email to [kmpud@volcano.net](mailto:kmpud@volcano.net). Manager Sharp stated that Director O'Grady will be participating via teleconference. Due to this, all voting must be done by Roll Call and Board members must identify themselves when speaking.

**MEMBERS PRESENT:** Present were President Richert, Directors Ende, Dornbrook and Epstein  
Via Teleconference: Director O'Grady, Howard Barnes (RUS)  
Also present were General Manager Sharp, Rick Ansel (Assistant Manager, Operations), Jill Campbell (Assistant Manager, Administration), Brandi Fichtner (Electric/Propane Manager), David Waddle (Field Operations Manager), Michelle Gamble (RCI), and Matt Wheeler (Wheeler Engineering)

**MEMBERS ABSENT:** None

**ORAL COMMUNICATION /PUBLIC INPUT:** None

**CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR:**

Manager Sharp stated that he would like to pull Agenda Items 8C, 8D, Consent Item #1, and Consent Item #6. Manager Sharp stated that he would like to pull Consent Item #5 and move it to Agenda Item 8E.

Director Dornbrook motioned to approve the Agenda with the noted changes. Director Ende seconded the motion and it carried by the following roll call vote:

**AYES:** President Richert, Directors O'Grady, Ende, Dornbrook and Epstein

**NOES:** None

**ABSENT:** None

**ABSTAINING:** None

ADOPTION OF THE CONSENT CALENDAR:

1. Approval of Minutes from the August 10, 2013 Board Meeting.  
This item has been pulled from the Consent Calendar.
2. Approval of Current Consent for Claims.
3. Approval to include Q&D Construction as a Pre-Qualified Contractor to bid on the Construction of the Sub-Stations, KM Green and KM Blue, related to the District's Pout Valley Power Line Project.
4. Approval of Resolution No. 13-12, A Resolution of the Board of Directors of the Kirkwood Meadows Public Utility District, Acting as the Legislative Body of the Community Facilities District No. 98-1, Approving the CFD Tax Administrative Report for Fiscal Year 2012-2013.
5. Approval as to form of the Development Agreement, the Bill of Sale and the Accepting Resolution Related to Development Projects.  
This item has been pulled from the Consent Calendar and moved to Agenda Item 8E.
6. Review of Current Receivables/ Shut Offs Report.  
This item has been pulled from the Consent Calendar.

Director Ende motioned to approve the Adoption of the Consent Calendar with the noted changes. President Richert seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors O'Grady, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION/ACTION: None

8A. AGENDA ITEM: Discussion and Possible Action Regarding the Design, Timeline, Bidding Process, Costs and Construction Activities Associated with the Out-Valley Power Line Project. Manager Sharp/ Michelle Gamble, RCI

Manager Sharp stated that this Agenda Item will be broken into sections. Michelle Gamble (RCI) will give an update, Manager Sharp will be presenting an Overview of the Construction timeline, Howard Barnes (RUS) and Manager Sharp will discuss the Financials/RUS Supplemental Loan and Director Epstein will be

assisting with the finance direction of the RUS Draw Down Schedule.

Michelle Gamble presented an update of the Underground Out Valley project and addressed President Richert's question with regards to if there had been any issues with hitting Volcano's lines. Michelle Gamble reported the few issues that have occurred and the cost sharing that is being negotiated. President Richert asked if there is anything that has arisen that would indicate a change order from Q&D Construction Company and Michelle Gamble reported on the change order items that had been received to date.

Michelle Gamble reported that we are in the final stages of finalizing the contract documents with Wilson Construction and as soon as these are received they will be forwarded to RUS for approval. PG&E anticipates beginning their portion of the Overhead project on September 9<sup>th</sup>, the Timber Harvest is well underway and we are working with the USFS on the designation of trees to be removed, primarily in the tributary to Cold Creek.

Michelle Gamble reported on the KM Green Grading and Drainage project stating that Campbell Construction had begun working at the site and the access road has been realigned. Michelle Gamble stated that with the realignment of the access road we were able to negotiate a change order with Campbell Construction that has saved the project \$75,000.

Michelle Gamble stated that we have received all of our project authorizations and presented an updated project schedule. A discussion ensued.

Manager Sharp stated that at the August 10<sup>th</sup> Board meeting the Board approved a contract with Wilson Construction in the amount of \$10.3 million to complete the Overhead phase of the Out Valley project. We anticipate receiving RUS approval around the third week in September. Given this approval timeframe the District may need to authorize a time and material contract for Wilson for the gap time to complete certain aspects of the project with a cost cap. Manager Sharp stated that before we can issue a Notice to Proceed we need RUS approval. Manager Sharp proposed Board authorization to issue a time and material contract with Wilson Construction, while we are awaiting the Notice to Proceed from RUS, with an expense not to exceed \$50,000 with verbal concurrence and signature from the Board President. A discussion ensued.

Director Ende motioned to approve and authorize the General Manager to negotiate a Time and Material contract with Wilson Construction with an expense not to exceed \$50,000 and with verbal concurrence and signature from the Board President.

Director Epstein seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors O'Grady, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

Manager Sharp stated that further geotechnical work has been completed and the Out Valley team is working with Wilson Construction to develop potential new bid prices on certain direct embedded and drilled pier foundations.

Manager Sharp presented the updated construction timeline and stated that RCI will begin survey work on September 10<sup>th</sup> – 17<sup>th</sup> and there are two sub-contractors working with Wilson Construction. Outback will be working on the pier foundation and the direct embedded and Crux who will do the micro pile. A discussion ensued.

Howard Barnes presented a timeline for the RUS B8 Supplemental Loan application and what information will be requested including an update of the District's financial forecast and the assumptions to be determined.

Manager Sharp presented an overview of the current status of the RUS loan and the estimated Out Valley project costs and possible options on how we will fund the rest of the project. Manager Sharp stated that this has been discussed with the Finance Committee who have given direction to complete a financial forecast to determine potential borrowing amounts and bring this information back to the Board.

Manager Sharp stated that the Finance Committee also discussed the draw down strategy for 2013 & 2014. The District needs to draw down \$8 million in 2013. The Committee directed Staff to break this into four equivalent draws to submit to RUS, with the caveat that they would not be enacted until notification by the District. These loans would be enacted by the General Manager upon concurrence from one of the two Board members that sit on the Finance Committee. Manager Sharp stated that the 2014 draws would likely be shorter term in nature and would be formulated once the financial forecast is complete.

Director Epstein presented an overview of the Finance Committee's direction on the draw down schedule and stated that the strategy is to optimize the lowest possible rates and the one

opportunity we have in addition to reducing the cost of the project is to minimize the cost of the borrowing. Director Epstein also addressed the use of property tax in the District's financial forecast.

Manager Sharp stated that the Finance Committee also discussed the allocation of property taxes for the 2012-2013 and 2013-2014 fiscal years. It is very important that the District shows RUS that we are making our tier ratios this year. Manager Sharp reported that Jill Campbell devised a plan to ensure that we are meeting the 1.05 TIER ratio for calendar year 2013 and the Finance Committee has approved this plan. Director Epstein added that we will figure out how to document this plan and turn it into a strategy so that we can be consistent moving forward.

8B. AGENDA ITEM:

Discussion and Possible Approval of Resolution Approving General Manager as the Certifier and Security Administrator in Relation to Rural Utilities Service Data Collection System. Manager Sharp/Howard Barnes, RUS Consultant

Manager Sharp stated that as part of the RUS process the District is required to comply with the Data Collection System (DCS). Each March the District will need to electronically file a Form 7 which illustrates if the District is meeting its TIER ratios. This is typically done by the General Manager (Certifier) who has been approved by the Board to perform this function and cleared by RUS. The General Manager will fill both the Certifier and Security Administrator roles.

Manager Sharp presented Resolution 13-13 which approves the General Manager to fill the roles of Certifier and Security Administrator for the purposes outlined in RUS Form 674, Certificate of Authority to Submit or Grant Access to Data.

Director Dornbrook motioned to approve Resolution 13-13 approving the General Manager as the Certifier and Security Administrator in relation to Rural Utilities Service Data Collection System. Director Ende seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors O'Grady, Ende, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

8C. AGENDA ITEM:

Discussion and Possible Approval of Resolution of Amendment of Special Tax for a Community Facilities District, Authorizing the Levy of a Special Tax and Submitting Levy of Tax to Qualified

Electors (Community Facilities District No. 98-01). Manager Sharp/  
David Fama, Bond Counsel  
This Agenda Item has been pulled from this Agenda.

8D. AGENDA ITEM: Discussion and Possible Approval of Resolution Declaring Results of Amendment of Special Tax Election, Determining Validity of Prior Proceedings, Approving Security Agreements and Directing Recording of Amended Notice of Special Tax Lien (Community Facilities District No. 98-1). Manager Sharp/ David Fama, Bond Counsel  
*This Agenda Item has been pulled from this Agenda.*

8E. AGENDA ITEM: Approval and Authorization for Board President to Execute Developer Agreement Concerning Construction and Transfer of Utility System Improvements with Martin Point LLC for the Timbercreek Townhomes Development. Manager Sharp  
President Richert stated that also included in this Agenda Item is Consent Calendar #5, Approval as to Form of the Development Agreement, the Bill of Sale and the Accepting Resolution Related to Development Projects.  
Manager Sharp stated that the District has reviewed the development agreements that were produced many years ago and have found them to be outdated as well as redundant in sections. With the purchase of Mountain Utilities the electric and propane divisions need to be included into these legal documents and staff has requested that District Counsel review and update our versions of the Developer Agreement and Associated Bill of Sale and Resolution. The Easement and Conveyance Agreement has now been replaced with the Bill of Sale, Resolution.

Manager Sharp stated that the revised Developer Agreement, Bill of Sale and Resolution will help facilitate the District's relationship with developers while protecting the District's interests concerning development in the Kirkwood Valley. Manager Sharp presented an overview/explanation of the revised agreements that we feel will ultimately make it easier for the developer.

President Richert motioned to approve the Developer Agreement and Associated Bill of Sale and Resolution in relation to development projects as presented. Director Dornbrook seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors Ende, O'Grady,  
Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

Manager Sharp stated that in the District Counsel's legal description and recommendation it was noted that the Board President signs all contracts and should the Board wish the Board President could assign an assistant to sign on his behalf. Manager Sharp does not recommend any changes to the current process.

Manager Sharp presented a Developers Agreement between the District and Martin Point LLC and with approval of this the District would accept \$5,000 as a deposit. The Site Plans were presented and a discussion ensued.

Director Dornbrook motioned to approve the Development Agreement authorizing District Staff to accept the \$5000 deposit and to begin working on the design of the Martin Point LLC project. Director Ende seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors Ende, O'Grady, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

8F. AGENDA ITEM: Presentation of Design and Operating Parameters of new Koch Membranes being Installed at the Wastewater Treatment Plant. Manager Sharp/ Matt Wheeler, District Engineer  
Matt Wheeler, District Engineer, presented a Power Point presentation showing the new membrane project and the technologies in use to show how the systems work. Matt Wheeler stated that the project began on August 12<sup>th</sup> and is on schedule. A discussion ensued.

8G. AGENDA ITEM: Discussion and Possible Approval of Resolution Modifying Ordinance 12-04 Rule Concerning Interconnection of Distributed Electric Resources and Net Energy Metering. Manager Sharp  
Manager Fichtner stated that at the August 10, 2013 Board meeting she had presented an updated Net Metering Rules and Agreement. Manager Fichtner stated that after discussing this with Net Metering customers we asked for additional guidance from District Counsel Dick Shanahan and Jeff Gray. The major changes were in the billing cycle length and the net surplus rate. This Agreement was then sent out to our three Net Metering customers asking for comments back by August 23<sup>rd</sup>. We received one packet of comments and these were reviewed in detail. Manager Fichtner presented the most recent update of these documents and described the few additional changes that were made to it.

Manager Sharp commented that this is a very confusing topic and described in general terms the terms of the Agreement. A discussion ensued with the regards to billing and usage and how it is calculated.

Manager Sharp stated that staff recommends the approval of Net Metering Rules and Ordinance 13-02 that amends the previous Ordinance 12-04.

Director Ende motioned to approve Ordinance 13-02 amending Ordinance 12-04, rules concerning Interconnection of Distributed Electric Resources and Net Energy Metering. Director Epstein seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors Ende, O'Grady, Dornbrook and Epstein

NOES: None

ABSENT: None

ABSTAINING: None

8H. AGENDA ITEM:

Discussion and Possible Approval of Resolution 13-08, Authorizing Approval of the Adoption of a Cafeteria Plan for Active Employees.  
Manager Sharp

Manager Sharp stated that the Personnel Committee and staff have been working on formulating a Cafeteria Plan for employee health benefits. Under the new plan the member could choose to continue with the existing coverage or they could choose to opt out of certain or all options and receive a percentage of this benefit in cash compensation. Under this plan there is no decrease in coverage. If an employee decides to opt out of the health plan they must show evidence of alternate coverage acceptable to the District. Manager Sharp explained the reasons why a member may opt out and other options that may be added in the future. Manager Sharp stated that this sets the framework so that we can expand our offering to our employees and not impact existing benefits and it stabilizes the Districts future health care costs for retirees at the current maximum per month.

Manager Sharp stated that it is staff's recommendation to approve Resolution 13-08 establishing a Cafeteria Health Plan. Manager Sharp noted that this topic has gone before the Personnel Committee and staff.

President Richert stated that the Personnel Committee recommends approval of Resolution 13-08. A discussion ensued with regards to our current Resolution with CalPERS.



Director Dornbrook motioned to approve Resolution 13-08, authorizing approval of the adoption of a Cafeteria Plan for active employees. Director Ende seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors Ende, O'Grady, Dornbrook and Epstein  
NOES: None  
ABSENT: None  
ABSTAINING: None

8I. AGENDA ITEM:

Review of Committee Input, Discussion and Possible Action related to District/ General Manager Objectives for the 2013-2014 Fiscal Year. *Manager Sharp*

Manager Sharp presented the District/General Manager objectives for the 2013-2014 Fiscal Year, stating that one of the organizational tools that the District uses is to set General Manager/District objectives for the following year. The Personnel Committee directed Manager Sharp to reach out to all of the Committees to get their input on objectives for the 2013-2014 year and the Personnel Committee has edited these objectives.

President Richert stated that the Committees have done a great job of listing the most important objectives. A discussion ensued.

Director Dornbrook motioned to approve District/General Manager Objectives for the 2013-2014 Fiscal Year. President Richert seconded the motion and it carried by the following roll call vote:

AYES: President Richert, Directors Ende, O'Grady, Dornbrook and Epstein  
NOES: None  
ABSENT: None  
ABSTAINING: None

9. MANAGER REPORTS:

a. General Manager Report. *Manager Sharp*

Manager Sharp reported that we have monthly staff meetings and this month we discussed the new Cafeteria Plan and Dr. Borges, a Chiropractor from South Lake Tahoe attended and gave an excellent presentation on prevention of back injuries and correct lifting procedures.

Manager Sharp stated that there is a dumpster in the Lower 7 Lot for our Homeowners to use during this Holiday weekend.

Manager Sharp reported that back flow inspection letters have gone out recently for all of our back flows in the Valley to be inspected and that evidence to be forwarded to the District.

Manager Sharp reported that we have a final resolution of the construction issues with Power Secure.

Manager Sharp reported that the second fish stocking has happened and about 6,700 pounds of fish were planted in Caples and Silver Lakes.

Manager Sharp went over a few of the Agenda topics for the October 12<sup>th</sup> Board meeting including the Financial Forecast and possibly approving the Supplemental RUS Loan, a Public Hearing on Water and Wastewater rates, possibly approving the 2012-2013 Audit, looking at our first item of Sub-station Owner Furnished Material contracts and water meter installation costs.

Manager Sharp presented an old copy of the Carson Pass Newspaper and the new District stationary.

b. Operations Report. Assistant Manager Ansel

Assistant Manager Ansel thanked all the volunteers, runners, Community and Vail Resorts for their participation in the 33<sup>rd</sup> Annual KVFD 10K.

Assistant Manager Ansel presented the current Summer Project Construction schedule and reported on the completed projects, those in progress and those that have been moved forward. At the top of this list is the new Membranes that are scheduled to be installed the week of September 9<sup>th</sup>. Assistant Manager Ansel also reported that the Department of Public Health inspection is scheduled in October, redoing the well heads at Wells 4 & 5 is about complete, the Playground is being disassembled and stored for winter, the Chipping program is being negotiated with Cal Fire, ISO was onsite to complete an inspection and we should see results from that inspection in 90 days and LED lighting has been installed.

c. Electric/Propane Systems. Manager Fichtner

Manager Fichtner reported that we did have a brief power outage this morning and described how staff will be troubleshooting this problem.

Manager Fichtner reported that we have ordered three Sensus Meters for permanent installation as part of our power quality study. Exponential Engineering will be programming these meters and will be onsite in the Fall to assist with installation and training of staff. Exponential Engineering will be performing the analysis on the frequency, voltage, harmonics and reactive power.

Manager Fichtner reported that the Met Tower is ready to be shipped and all site preparation should be completed and Met Tower operational on September 13, 2013.

Manager Fichtner reported that Propane leaks that were identified during the Leak Survey are being repaired, and the Vaporizer for the Water Bath has arrived and KIVA will be completing the install and training staff on the operation of the Vaporizer.

Manager Fichtner reported on the CPUC Propane Inspection that will be completed on September 11<sup>th</sup> and stated that a Notice has been posted on the website in regards to this.

- d. Administrative Report. Assistant Manager Campbell  
Assistant Manager Campbell presented the July Financials. A discussion ensued and Director O'Grady commented that he is happy to see the month end financials within thirty days of month end and hopes it continues.

Assistant Manager Campbell reported that AKT has confirmed that they have received everything that they need from us to complete the audit. AKT indicated that they are hoping to have final reports to us for review by next week and still anticipate a completed audit by the end of September.

#### 10. COMMITTEE REPORTS:

- a. Communications. Bob Epstein  
Cheryl Stern presented a Power Point presentation on the Customer Satisfaction Survey results for the Survey that was sent out in July to 700 email addresses, which represented about 436 households, to learn how District services were perceived. Director O'Grady commented that it was excellent feedback and suggested that we do this annually.

Director Epstein stated that he will follow up, on behalf of the Board, and thank those who participated in the survey and send them a link to the website where they may view the results.

Director Epstein presented the next phase of what we will be working on to increase attendance on the new website and the priority of new additions.

b. Planning. Bob Ende

Director Ende stated that the three topics that the Planning Committee is focusing on are Mello Roos, Power Purchase Agreements and the Meadow Trails project and presented an update on all three topics.

c. Finance. Standish O'Grady

Director Epstein stated that there was nothing new to address and that all topics have been addressed previously at this meeting.

d. Operations. Peter Dornbrook

Director Dornbrook stated that the Operations Committee met on August 29<sup>th</sup> and all topics have been addressed previously at this meeting.

e. Capital Projects. Peter Dornbrook

Director Dornbrook stated that the Capital Projects Committee has not met since the last Board meeting so there is nothing new to report.

f. Personnel. Eric Richert

President Richert stated that the Personnel Committee has gone through the General Manager/District Goals at this meeting and will meet again in December.

11. GENERAL DISCUSSION:

Director Ende asked that given the wild fire situation what is the insurability of our Out Valley project. Manager Sharp outlined our coverage and a discussion ensued.

President Richert stated that he would like to see the audio situation improved and that we are also making use of the monitor for future Board meetings.

12. ADJOURNMENT:

The meeting was adjourned at 11:20 a.m.

  
Secretary

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