

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
SATURDAY, NOVEMBER 9, 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: District Clerk Sullivan 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 and follow the appropriate link and if the public would like to make a comment they may send an email to kmpud@volcano.net. District Clerk Sullivan stated that Director Ende 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 O'Grady, Dornbrook and Epstein
Via Teleconference: Director Ende, Dave Rightley, (Exponential Engineering), Howard Barnes (RUS Consultant)
Also present were General Manager Sharp, Rick Ansel (Assistant Manager, Operations), Brandi Fichtner (Electric/Propane Manager), Rena Sullivan (District Clerk), Drew Meteer (Assistant Office Manager), Kelly McBride (Accounting), Cheryl Stern (District Admin.), Michelle Gamble (RCI), Casey Blann (Vail Resorts), Terry Woodrow (Alpine County Board of Supervisors), Allan Sapp and Geoff Smith (Community Residents)

MEMBERS ABSENT: None

ORAL COMMUNICATION
/PUBLIC INPUT: None

CORRECTIONS TO THE AGENDA
OR CONSENT CALENDAR: None

ADOPTION OF THE CONSENT CALENDAR:

Director Dornbrook motioned to approve the Adoption of the Consent Calendar. Director O'Grady seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

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

8C. AGENDA ITEM:

Discussion and Possible Approval of Procurement Agreement for the KM Green Substation Project, 115kV SF6 Breaker, in Relation to the District's Out Valley Power Line Project. Manager Sharp/ Dave Rightley, Exponential Engineering

Dave Rightley stated that three bids were received for the 115kV SF6 Breaker and after evaluating the bids his recommendation is to award the bid to Alston Grid for a cost of \$51,176.

Manager Sharp stated that the Engineers estimate was \$65,000 and Staff concurs with the Engineers recommendation.

Director Epstein motioned to approve the Procurement Agreement for the KM Green Substation Project, 115kV SF6 Breaker, in relation to the District's Out Valley Power Line Project and award the bid to Alston Grid for a cost of \$51,176. 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

8D. AGENDA ITEM:

Discussion and Possible Approval of Procurement Agreement for the KM Green Substation Project, 35kV SF6 Breaker, In Relation to the District's Out Valley Power Line Project. Manager Sharp/Dave Rightley, Exponential Engineering

Dave Rightley stated that three bids were received for the 35kV SF6 Breaker, and after evaluating the bids it was determined that Alston Grid could not meet the technical requirements. Dave Rightley stated that ABB is able to meet the technical requirements, albeit they are the highest bid received. Dave Rightley stated that his recommendation to the Board and Staff is to award the bid to ABB for a cost of \$46,670. Engineers estimate for this was \$50,000.

Rural Utilities Service. Manager Sharp/Howard Barnes, RUS Consultant

Manager Sharp stated that at the August 10, 2013 Board meeting the Board approved a contract with Wilson Construction for the Overhead portion of the project. The bids came in significantly over the Engineers estimate due to the difficulty of construction over rugged terrain. The approved Wilson bid of \$10.2 million was \$5.5 million over the Engineers estimate and with the ITCC tax represents a \$7.37 million increase. Manager Sharp stated that in order to fund this expense the District has been working with Howard Barnes to put together a ten year financial forecast which supports a supplemental loan from RUS in the amount of \$8 million. The total amount of this loan would not have to be used and is based on no District cash contribution toward the project.

Manager Sharp introduced Howard Barnes, RUS Consultant, who presented a Power Point presentation and discussed each component of Agenda items 8F, 8G and 8H. A discussion ensued with regards to the best cost saving strategy for borrowing of the "B8" Loan.

Director Epstein requested clarification of two comments in the narrative that Howard Barnes wrote. One was to verify the gross kilowatts per gallon of generation and distribution losses sold and the second one being a comment that we would be hiring the Northern California Power Authority (NCPA) to manage our purchase of power. Howard Barnes concurred with Director Epstein's modification to the gross kilowatts per gallon and Manager Sharp verified that we are still in the process of interviewing purveyors. After a brief discussion it was determined that the wording should be changed to "NCPA or another organization that would be responsible".

Director O'Grady motioned to approve Resolution 13-14 adopting the Ten Year Financial Forecast in support of the "B8" Loan Application to Rural Utilities Service with the two minor corrections that were noted in the narrative as well as any other corrections noted by Staff. 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

ITCC Taxes (Income Tax Component of Contribution) and is a result of the 1986 Federal Tax Reform Act which allows PG&E to collect a tax currently at 22% on all electric facilities that are paid for by private parties and then deeded to PG&E. The current estimate for the ITCC Tax is \$2.9 million. This is based on PG&E costs at 22% for 2013 and 34% in 2014.

Manager Sharp stated that this is a very complicated subject with many areas open for interpretation and the District has planned to retain a tax attorney once we determine PG&E's position. Manager Sharp shared many questions that need to be addressed.

Manager Sharp stated that District's Counsel, Dick Shanahan, has recommended a counsel to his firm, Jim Boyd, who has extensive experience in this field and is a certified tax law specialist. Mr. Boyd would charge the District a rate of \$245/hour and estimates his time on this project at 20-40 hours. Manager Sharp stated that staff recommends the use of Mr. Boyd for a set amount of \$7,500, without further Board review. Staff would come back before the Board with regular updates and to request additional funds, if needed. A discussion ensued.

Director Dornbrook motioned to approve retaining Jim Boyd, a Tax Attorney, for budget expense projection of \$7,500, in relation to assisting the District with ITCC Tax issues, with the stipulation that Staff will come back before the Board with regular updates and to request additional funds. Director O'Grady 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

8J. AGENDA ITEM:

Discussion and Possible Approval of Resolution to Adopt Renewable Energy Resources Procurement Plan. *Manager Sharp/Manager Fichtner*

Manager Fichtner stated that in February 2013 Staff brought before the Board the Renewable Energy portfolio standard and the requirement to adopt an Enforcement Plan and a Procurement Plan to meet regulations. Manager Fichtner reported that the Board did adopt the Enforcement Plan in February 2013 and we now need to adopt a Procurement Plan no later than November 30, 2013 per the final regulations. Manager Fichtner stated that as of now the Kirkwood Meadows Public Utility District is able to meet all requirements.

9. MANAGER REPORTS:

a. General Manager Report. *Manager Sharp*

Manager Sharp reported that Staff has begun working on the Power Purchase Agreement and possible strategies of the future procurement needs that will begin on November 1, 2014. Manager Sharp stated that staff will be presenting an outline to the Planning Committee and hope to bring it before the Board in December or January.

Manager Sharp presented the Snow Removal contracts received to date and stated that snow stakes are being installed and equipment readied. Two seasonal snow removal operators will be brought on in December to join the existing crew. A discussion ensued with regards to the contracts received to date.

Manager Sharp reported that he attended and updated the Alpine County Board of Supervisors on all District happenings and the Board of Supervisors approved Resolution 2013-44 appointing Directors Peter Dornbrook, Bob Epstein and Eric Richert for four more years on the Board commencing December 6, 2013.

Manager Sharp reported that the next Board meeting is scheduled for Friday, December 13th at 3:30 p.m. followed by the annual Holiday party at the Wall Bar at 6:00 p.m.

Manager Sharp presented the Agenda items to be discussed at the December 13th meeting to include the election of Board members and Committee positions, a recap of the final numbers for the membrane project, a preliminary rate strategy presentation, and a presentation on power reserves.

District Clerk Sullivan reported on the Kirkwood Mountain Resort Guest Fee Pass options that are being offered to District staff and Board members.

b. Operations Report. *Assistant Manager Ansel*

Assistant Manager Ansel presented the updated 2013 Summer Project schedule stating that the Koch Membranes have been installed and are functioning nicely. District continues to work with Matt Wheeler, District Engineer, to define some of the warranty issues and compliance requirements.

Assistant Manager Ansel reported that we received the inspection results from the California Department of Public

b. Planning. Bob Ende

Director Ende stated that the Planning Committee has not met since the last Board meeting, however there has been some progress made with the Power Purchase Agreement, Cheryl Stern has done some work on the Meadow Trail project and the proposal has gone before Tri-Tac to start building awareness, and staff will be meeting on Mello Roos next week.

President Richert stated that a date needs to be set for the Rate Study Workshop. Time and date was set for December 23, 2013 at 2:00 p.m.

c. Finance. Standish O'Grady

Director O'Grady reported that the Finance Committee met on November 8th with the focus being on the Ten Year Financial Forecast and the RUS Supplemental Loan application. The Finance Committee also met with AKT Auditors.

d. Operations. Peter Dornbrook

Director Dornbrook stated that there was no news to report that was not previously covered.

e. Capital Projects. Peter Dornbrook

Director Dornbrook stated that there was no news to report that was not previously covered. Director O'Grady stated that the reactive energy issues will be something to stay on top of.

f. Personnel. Eric Richert

President Richert stated that a Personnel meeting needs to be set, however he feels that it would be appropriate to wait until the officer election in December.

11. GENERAL DISCUSSION:

Manager Sharp thanked the Board for all that they do for the District and presented them with Apple Hill pies for Thanksgiving.

12. ADJOURNMENT:

The meeting was adjourned at 11:40 a.m.


Secretary _____ms