

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS
KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
FRIDAY, DECEMBER 13, 2013
AT THE HOUR OF 3:30 P.M.

APPOINTED BOARD MEMBERS OATH OF OFFICE:

Manager Sharp stated there were three positions to be filled at the District elections that were held on November 5, 2013. The only persons who filed declarations of candidacy were the incumbent Board members, so therefore the Board of Supervisors of the County of Alpine appointed Peter Dornbrook, Robert Epstein and Eric Richert for Director positions commencing on December 6, 2013 and expiring on December 1, 2017. Manager Sharp proceeded to deliver the Oath of Office to the appointed Directors.

CALL TO ORDER: The meeting was called to order by President Richert at 3:35 p.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 and follow the appropriate link. Due to the email service being down, comments cannot be emailed to the District during the meeting.

MEMBERS PRESENT: Present were President Richert, Directors O'Grady, Dornbrook, Ende and Epstein
Via Teleconference: Dave Rightley, (Exponential Engineering), Dave Fama (Bond Counsel), Victor Irzyk (Goodwin Consulting)
Also present were General Manager Sharp, Rick Ansel (Assistant Manager, Operations), Jill Campbell (Assistant Manager, Administration), Brandi Fichtner (Electric/Propane Manager), Rena Sullivan (District Clerk), Drew Meteer (Assistant Office Manager), Scott Keith (AV Technician in training), Cheryl Stern (District Admin.), Michelle Gamble (RCI), and Geoff & Melene Smith (Community Residents)

MEMBERS ABSENT: None

**ORAL COMMUNICATION
/PUBLIC INPUT:** None

**CORRECTIONS TO THE AGENDA
OR CONSENT CALENDAR:** Manager Sharp pulled Consent Agenda item #3.

ADOPTION OF THE CONSENT CALENDAR:

Director Dornbrook motioned to approve the Adoption of the Consent Calendar. Director Ende 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

CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION/ACTION: None

9A. AGENDA ITEM: Election of Board Officer Positions, President, Vice President, Treasurer, Secretary and Assistant Secretary. *President Richert*
Manager Sharp stated that every two years the Board appoints new officers. President Richert stated his belief that officers of the Board should rotate and then asked for any nominations that the Board would like to make.

Director Ende motioned to nominate Director O'Grady to serve as President, Director Epstein to serve as Treasurer, Director Dornbrook to remain as Secretary, Director Richert to serve as Assistant Secretary and Director Ende volunteered to remain as Vice President at the discretion of the President of the Board. Director Dornbrook 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

9B. AGENDA ITEM: Annual Review and Possible Changes to Board and Community Member Positions on the District's Committees and Review of Possible Changes to District Policy 140, Committees and Related Charters. *Manager Sharp*

Manager Sharp stated that in 2011 the District had thirteen Committees that were comprised by 100% Board members. With the direction of the Planning Committee, and specifically Geoff Smith, the Committee structure was downsized to five Committees that all meet on a monthly basis with Community members being encouraged to join. Manager Sharp stated that the results have been very successful and thanked the Board and Committee members for their commitment.

President O'Grady presented the proposed changes to each Committees structure, which included the combination of the Operations and Capital Projects Committees. A discussion ensued with regards to District Policy 140, which had no changes. Manager Sharp stated that Committee Community membership terms will go for three year revolving terms. The new Committee structure is as follows:

PLANNING:	Chairman Ende Community Members*	Director Richert 1. Geoff Smith 2. Cheryl Stern 3. Sid Long
FINANCE:	Chairman Epstein Community Members*	Director O'Grady 1. Mark Duval 2. Casey Blann 3. Allan Sapp
OPERATIONS/CAPITAL PROJECTS:	Chairman Dornbrook Community Members*	Director Richert 1. Caroline Scott 2. Gary Gallaher 3. Howard Hoffman
COMMUNICATIONS:	Chairman Epstein Community Members*	Director Ende 1. Cheryl Stern 2. Anne-Flore Perroud 3. Melene Smith
PERSONNEL:	Chairman O'Grady	Director Richert
KVFD WINE TASTING/BARBEQUE COMMITTEE:	Community Members*	1. Rick Ansel 2. Caroline Scott 3. Cheryl Stern 4. Anne O'Grady 5. Sandy Goldberg

Director Richert motioned to adopt the Committee structure and three year revolving membership term as presented. Director Ende seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

9C. AGENDA ITEM:

Discussion and Possible Approval of Resolutions Recognizing the Efforts and Accomplishments of the 2013 District Committee Members. *Manager Sharp*

Manager Sharp thanked the community members of each Committee and stated that Resolutions have been prepared for each member recognizing their efforts and accomplishments.

President O'Grady presented Resolutions 13-19 through 13-29, naming each community member.

President O'Grady motioned to approve Resolutions 13-19 through 13-29 recognizing the efforts and accomplishments of the 2013 District Committee members. Director Richert seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

Those members that were present, Geoff Smith, Melene Smith and Cheryl Stern, were presented with a framed photo along with their Resolutions.

9D. 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/Bruce Scott, Michelle Gamble, RCI

Manager Sharp reported that RUS has received and appointed an administrative number to our supplemental loan and RUS has the necessary funds to fund our request and we are hoping for approval this winter so that the funds will be available this summer.

Michelle Gamble presented a Power Point presentation showing the final construction activities up to the date. Michelle Gamble stated that the contractor demobilized for this season and that two of the complete sections of cable were able to be pulled on Kirkwood Meadows Drive. Michelle Gamble presented the anticipated work schedule going into 2014 through the completion of the Out Valley project.

Michelle Gamble reported on the discussions that we have had with the USFS in regards to the limited operating period (LOP) in the Spotted Owl area. She also reported on the change orders that have been received to date relating to the Volcano line. Michelle Gamble stated that when all the change orders are totaled it will be a significant amount. A break out will be provided at the next Board meeting. A discussion ensued.

Manager Sharp and President O'Grady, on behalf of the Board, commended Michelle Gamble and RCI for a job well done.

9E. AGENDA ITEM:

Presentation on the Planned Operation, Configuration and Site Plan of the KM Blue Substation. Manager Sharp/Dave Rightley, Exponential Engineering

Dave Rightley, Exponential Engineering, presented a Power Point presentation discussing the KM Blue Sub-station layout. A discussion ensued.

9F. AGENDA ITEM:

Discussion and Possible Approval of Procurement Agreement for the KM Blue Substation Project, 34.5:12.5 kV Power Transformer, in Relation to the District's Out Valley Power Line Project. Manager Sharp/Dave Rightley, Exponential Engineering

Dave Rightley, Exponential Engineering, reported that we have received four bids for the KM Blue Power Transformer. All four bids met the technical specifications with Virginia Transformers submitting the lowest bid price of \$318,000. Dave Rightly recommended awarding the bid to Virginia Transformer stating that if a Purchase Order is submitted by December 20th Virginia Transformers will reduce their price to \$297,000.

Manager Sharp stated that based on the bids received and the Engineers estimate that staff recommends to the Board awarding the bid to Virginia Transformers in the amount of \$297,000, to take advantage of the discount.

Director Richert motioned to approve the Procurement Agreement for the KM Blue Substation Project, 34.5:12.5 kV Power Transformer, in relation to the District's Out Valley Power Line Project as recommended by staff. Director Dornbrook seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

9G. AGENDA ITEM:

Presentation of the Final Financial Reconciliation, Operational Condition and Warranty Requirements of the Wastewater Treatment Plant Membrane Replacement Project. Manager Sharp/Matt Wheeler, District Engineer

President O'Grady stated that we will defer on this Agenda item at this time.

9H. AGENDA ITEM:

Initial Discussion and Possible Approval of Outline and Agenda for the December 23rd Rate Strategy Board Workshop. Manager Sharp

President O'Grady stated that we will defer on this Agenda item at this time.

9I. AGENDA ITEM:

Discussion and Possible Action Regarding the District's Efforts to Secure Necessary Power Procurement, Scheduling and Settlement

Services and Regulatory Affairs Coordination in Anticipation of Connecting to the National Power Grid. *Manager Sharp*

President O'Grady stated that we will defer on this Agenda item at this time.

9J. AGENDA ITEM:

Discussion and Possible Approval of Ordinance 13-04 Adopting Developer Agreement, Connection Permit and Related Procedures and Requirements for New Development and Construction Projects. *Manager Sharp*

President O'Grady stated that we will defer on this Agenda item at this time.

9K. AGENDA ITEM:

Public Hearing: To Discuss and Possibly Approve an Amendment to the Special Tax Formula of Community Facilities District No. 98-01. *Manager Sharp/David Fama, Bond Counsel*

President O'Grady opened the Public Hearing at 4:32 p.m.

Manager Sharp stated that the District has been working with Nate Whaley, KCP, on a revision to the District's Mello Roos Bond, Community Facilities District No. 98-01, for nearly two years. The Mello Roos Bond was established in 1998 to fund \$6.2 million in improvements to the Wastewater Treatment Plant to expand the plant to accommodate build out. All undeveloped land at the time was included in the offer including several large parcels which included both ski and developable land. With the sale of the ski hill to Vail, a condition of the purchase was to remove the Mello Roos liability off of the ski hill.

Victor Irzyk, Goodwin Consulting, went over the revision of the Rates and Methods of Apportionment and Dave Fama, Bond Counsel, discussed the Collateral and Indemnity Agreement and then went through the process needed for this transaction. Director Ende went over the initial conditions and ground rules and stated that the Planning Committee has recommended that the Board move forward with the restructure and approval.

President O'Grady closed the Public Hearing at 4:55 p.m.

A discussion ensued and the Board discussed the announcement that will be used to communicate the Mello Roos information to those Homeowners who will not be affected.

9L. AGENDA ITEM:

Discussion and Possible Approval of Resolution Authorizing Amendment to the Rate and Method of Apportionment of Special Tax for Certain Properties and Submitting Levy of Tax to Qualified Electors (Community Facilities District No. 98-01). *Manager Sharp/David Fama, Bond Counsel*

After much discussion Director Epstein thanked Director Ende and the Planning Committee for their due diligence in making the Mello Roos very clear to understand.

Director Richert motioned to approve Resolution 13-30 authorizing an Amendment to the Rate and Method of Apportionment of Special Tax for certain properties and submitting levy of tax to qualified electors (Community Facilities District No. 98-01). Director Epstein seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

9M. 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. 98-01). *Manager Sharp/David Fama, Bond Counsel*

Manager Sharp stated to let the record show that the District has received special election waivers from both KCP and Heavenly Valley consenting to waiving of certain time periods and procedural items identified in the RMA with regards to the Amendment of the special tax election. The District has received the special election ballot from all five affected land owners with 100% voting in favor of this action.

Dave Fama presented a brief background explaining that in order to make a change to the RMA under the Mello Roos law you are required to get the vote of those people whose tax will see an increase and the ballots have been received from Vail and KCP who will be affected by this and we have 100% approval which gives us the authority to institute the increase.

Director Richert motioned to approve Resolution 13-31 declaring the results of the amendment of the 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. 98-01). President O'Grady seconded the motion and it carried by the following voice vote:

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

NOES: None

ABSENT: None

ABSTAINING: None

10. MANAGER REPORTS:

- a. General Manager Report. *Manager Sharp*
Manager Sharp reported that District staff is preparing a presentation to the Board to discuss the goals and organization of the Rate Strategy Workshop planned for December 23, 2013 at 2:00 p.m. at the Kirkwood Meadows Community Services Building. This is an open public meeting and the Finance Committee has also been invited to attend. The intent of this workshop is to establish a clear set of goals and strategy for our rates and for our enterprise departments moving forward. Manager Sharp shared the Agenda for the Rate Strategy Workshop.
- b. Operations Report. *Assistant Manager Ansel*
Assistant Manager Ansel had nothing to report at this time.
- c. Electric/Propane Systems. *Manager Fichtner*
Manager Fichtner presented an update on the status of the Powerhouse and stated that Snowmaking is expected to continue for at least a few more days and they have been running it around the clock as temperatures allow.

Manager Fichtner reported that they have been spending time on the Renewable Portfolio Standard requirements. We purchased 7,500 REC's for \$1 apiece and we expect to use those to comply with the 2011-2016 compliance periods. Manager Fichtner reported that we participated in the Cap & Trade Auction in November and made \$33,670 which is allotted to stabilizing electric rates.

Manager Fichtner reported that the Propane Leak project has been completed for the year and stated that staff repaired about 76 Grade 2 leaks.

- d. Administrative Report. *Assistant Manager Campbell*
Assistant Manager Campbell presented the October balance sheet, the combined income statement and the cash waterfall. Director Richert questioned the budgeting of G & A allocations and President O'Grady suggested that we follow up on this topic at a future meeting.

Assistant Manager Campbell stated that we did finish our Audit with AKT this year and staff has discussed with the Finance Committee the possibility of going out to RFP for the Audit for next year and going forward.

11. COMMITTEE REPORTS:

- a. Communications. *Bob Epstein*
Director Epstein had nothing to report at this time.

- b. Planning. Bob Ende
Director Ende had nothing to report at this time.
- c. Finance. Bob Epstein
President Epstein had nothing to report at this time.
- d. Operations/ Capital. Peter Dornbrook
Director Dornbrook had nothing to report at this time.
- e. Personnel. Standish O'Grady
Director O'Grady had nothing to report at this time.

12. GENERAL DISCUSSION:

None

13. CLOSED SESSION:

Discussion of Employee Benefits Pursuant to G.C. 54957.6.
President O'Grady adjourned the Special Board meeting at 5:25 p.m. and then the Board moved to a Closed Session to discuss employee benefits pursuant to G.C. 54957.6.

14. OPEN SESSION

President O'Grady reopened the meeting at 5:45pm and stated that the Board had discussed employee benefits and that direction had been given to staff.

14. ADJOURNMENT:

The meeting was adjourned at 5:45 p.m.


Secretary

*A complete audio recording of this meeting is available on the District's website
www.kmpud.com