



Director Treabess agreed and added that there should be at least three proposals from qualified people within the Truckee-Tahoe area. The intent is for staff to look first for qualified local people to do any of our contracts. If they can't find qualified local people, staff can come back and tell them why they have to go beyond that.

Director Wilkins agreed to request a minimum of three proposals. If folks choose not to propose, we can't control that.

Director Treabess said that if staff feels there should be four or even five requests, then they could do that.

## 2. LAKE FOREST IMPROVEMENT DISTRICT; STATUS OF PROPOSITION 50 GRANT FUNDS

The Committee held a conference call with the officials listed above to discuss the current status of the Prop 50 monies and the process or timing as it relates to the letter of commitment once Prop 50 monies do free up and what will happen if the District were to acquire the system, provide potable water having a secondary source, what will happen when the compliance order is lifted, would it affect the eligibility of the water system for the grant and the priority placement that is currently on the table and where will our eligibility lie after they take a look at our proposal. Director Treabess did an introduction of everyone in attendance.

Leah Walker gave a status report of Prop 50 monies today and answered specific questions of the Committee. She said all monies are currently frozen and explained the priorities of the projects on hold. She said that the Lake Forest Water Company currently has a completed application to create a secondary water source (\$1.5 million), but the letter of commitment was stopped when the money froze. The District's submittal of a plan to reconstruct the Lake Forest Water Company is sitting on a shelf and hasn't had an opportunity to be reviewed by their staff since the PUD is not the owner of record of the water system. If the District became the owner of the system, the same problem and the system would stay on the list. They would then check to see if the District had a cost-effective solution for the issue and the costs associated with that. Mr. Harry asked if the acquisition of the water system would be something that would be eligible and would continue to hold the same ranking. Ms. Walker said that she would need to get legal counsel's opinion before she could say that. Director Wilkins asked if payment of a connection fee would fall under the same category. Ms. Walker said that they have dealt with that before under some consolidations so it has been done before.

Director Wilkins also said that the District is in a catch 22 because in order for the State to consider the District's application for Prop 50 money we need to own the system but we're trying to solve the problem with the system by acquiring it. Ms. Walker said once there is an agreement between the parties, we would have a legal entity to move forward. Director Wilkins asked if they have ever worked with a District where eminent domain was being considered. Ms. Walker said that they haven't had that issue and she needs to ask legal counsel.

Director Treabess asked if we owned the system does it matter how we acquired it. Ms. Walker said she didn't believe it would be an issue for state funding but she'll ask.

Several other "what if" questions were asked about what would be eligible for Prop 50 money. She will have legal counsel answer all of them and she'll get the answers to staff. She also recommended having the District at least inquire with USDA if the Rural Development Infrastructure Improvement Program could fund distribution system improvements.

Director Wilkins summarized that we may be able to get the cost of the system reimbursed through Prop. 50, may be some limited work on the intertie, may be some connection fee funding. Mr. Harry said that he believes the loop following along Lake Forest Road around the commercial properties could have 2/3 cost the cost paid for.

#### 4. CLOSED SESSION

CONFERENCE WITH REAL PROPERTY NEGOTIATORS: LAKE FOREST WATER COMPANY – Government Code Section 54956.8

District Negotiators: Alan Harry, Tony Lalotis, Jim Dykstra, Harold Morgan, and Dennis Viglione

Negotiating Party: Rick Dewante

District negotiators will be given instructions concerning whether the District will seek to purchase the water company, and, if so, price and terms of such purchase.

#### 5. CLOSED SESSION REPORT

Committee members directed staff to request that legal counsel Dennis Viglione prepare a response to Rick Dewante regarding the methodology used to prepare the District's offer to purchase. Authorized staff to attach to Dennis Viglione's letter draft copies of Harold Morgan's initial and updated appraisal for the Lake Forest Water Company.

#### 6. ADJOURNMENT

The meeting was adjourned at 2:20 p.m.

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Ginger Charlton, District Clerk

Prepared by Ginger Charlton