

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Regular Meeting Minutes
November 18, 2014 – 3:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 3:03 p.m. by Mr. Hancock with the request of the attending Board members choose a chairperson until President Wilson arrived as both the President and Vice President were not yet in attendance.

Roll Call of Board of Directors present: Nick McBride, Larry Wosick and Dave Meserve.
Absent: Jim Chapman and Brian Wilson.

Staff Present: Jared Hancock, Executive Officer, Heidi Whitlock, Project Manager.

President Wilson arrives at 3:05.

APPROVAL OF AGENDA: Motion by Board member Meserve, second by Board member McBride to approve the agenda as posted; motion carried unanimously. Absent: Chapman.

APPROVAL OF MINUTES: No action taken.

5 **CORRESPONDANCE:** None.

6 **PUBLIC COMMENT:**

Bill Feierabend (public) – states his disappointment with the design options we received from the Aquatic Design Group. He believes that we have already established that we wanted an uncovered facility with the potential to cover later, it be large enough for high school and college swim team events with a depth of 12.5 feet at one end and two diving boards and a possible "L" shape to allow for swim programs for youth and elderly persons. I thought we were all in agreement to this.

7 **MATTERS FOR BOARD CONSIDERATION:**

7A **Review of financial documents**

Mr. Hancock opens that Norma Scheetz is currently acting as the Treasurer for the JPA and thought that she would be in attendance for the meeting. He then reviews the documents provided by the County discussing budget status, revenue status and expenditures. The documents will be provided on a monthly basis when available.

Eileen Spencer (public) requested to know how much is in the Pennies for the Pool account. Mr. Hancock directed her to the back page as it was listed under a different category with the County. He states that it was added into the packet today as it was not made available when the agenda was originally posted.

7B **Updated Timeline**

Mr. Hancock states that this item is regarding the timeline for the pool. He stated that he and Lassen County CAO, Richard Egan have been discussing the timeline and agreed that with the holidays fast approaching and other delays, that there was a need to update the timeline as we move forward, in addition to adding extra time in case we could not self-fund construction and needed to find outside financing.

President Wilson had a question about the site design, it shows that it is supposed to be adopted today which it obviously isn't supposed to be. Also, the financing. When are we completing that since it is not reflected on the timeline? Mr. Hancock stated that he would check and make sure they are added.

7C Update on Phase I Analysis, soil testing and design options

Mr. Hancock opens by stating that the JPA had agreed to contract with H&K consultants to perform the Phase I site analysis and the Phase II specific soil testing. On November 13, 2014, this analysis and sampling was performed. He then stated that they were in contact with them as of that morning and we should be expecting the results by the next meeting. We were at the site when the digging was taking place. There were no obvious smells or discoloration that would be consistent with contamination. But, they were taking samples from under the tanks. President Wilson asked if it was Phase I or II? Mr. Hancock replied that the paperwork and research are all part of Phase I. Phase II was the soil sampling.

Eileen Spencer (public) – inquired as to whether or not they were removing the UST's. Mr. Hancock responds that the JPA did not want to move forward if there is any contamination. But, we needed to see if contamination exists. There is no need to take out the tanks at this time. But, if the pool ends up going in that location, we may want to remove them but the cost could be significant if that is the case. Mrs. Spencer asks, so the tanks will stay there? Mr. Hancock responds that that would be the most cost effective option.

8 BOARD MEMBER ISSUES/REPORTS:

Board member Wosick asks to discuss financing a little for the community so they can see how the project will come into fruition. Mr. Hancock begins by stating that both the County and City had initially agreed to contribute \$200,000 annually for the purpose of a community swimming pool. This amount was determined at that time to be enough to build the initial phase pool and then also assist in filling in the gap that would occur in operational costs after the pool opens. The lower we can get the interest rate, the more pool we can build for the community. Currently, government financing is 3% and up. If the City and County would put up collateral, the percentage would be lower than if the pool was the only collateral but would be higher than 3%. The USDA option runs around 3% also, and CDBG Over-the-Counter would also run around 3%. Public financing options, such as revenue bonds, are available but the JPA is still too new and has no assets and no revenue stream. Another option, general obligation bonds, can be acquired because both City and County funding is coming in. But, they are around 4.5% and higher. But the revenue bond may not be feasible unless the contributions are no secured as either the City of County could decide not to pay.

At a previous meeting, the Board had decided to look into internal financing or the USDA option to see if they would work first. If they do not, we can look into other options. However, there is also the cost of issuance and it could take longer to perform. The City Council looks like they may not be able to do so. The County may have to look into other sources. We have been looking into the USDA and CDBG funds for availability.

Board member Wosick asks Mr. Hancock, knowing what he knows now, what do you think would be the best option? And, what would need to done to secure a private loan. Mr. Hancock stated that there are a few places willing to give private loans to government agencies such as UMPQUA bank. Typically, government agencies will hire a placement firm to look into other types of loans. Board member Wosick states that money is the most important item on the timeline at this time but it's not even mentioned until the end. He suggests placing 3-4 checkpoints between today's date and the date at the end of the timeline. Mr. Hancock ensures Board member Wosick, and the other members of the Board, that we continue working on this item. We are talking with the County to see where they are as well. We have contacted the USDA and they will need to know how much and for how long. CDBG, again, how much? It may not be approved but we do meet guidelines as it related to job creation. If these two options are thrown out, we can look at private funding sources. But, would the City and County be willing to put anything up for collateral to get lower interest rates? We are following the Boards direction because the bullet points for one loan may not be the same with others. We could also consider a pay as you go option and build the features as the funds become available.

Board member Wosick states that we need to know where the money is coming from first, as soon as possible, and how much it will cost. Even if we were building a house, you would need to know how much money you have. Mr.

Hancock responds that we have been working on financing the entire time and will continue to do so. We can give you weekly updates if needed. We will have to bring back options to the Board. Board member Wosick inquires as to how we do this if we don't know how much it will cost us. Mr. Hancock states that once we have the design we can go to them and say we would like to do this or, we can put it off until we know how much it will cost. We will take whatever action the Board gives. Board member Wosick states that the next meeting states we will be picking a final design. How can we do this without knowing? Mr. Hancock states that he believes the consensus was Option 2. We will bring back that option. Wosick asks how we can do that if we don't even know we can afford it. He then suggests that Mr. Hancock discuss this with Mr. Egan, Lassen County, CAO, and determine that no one will go above 6% prior to telling the community this is what we are wanting to build.

Mr. Hancock asks to discuss the numbers submitted by Aquatic Design Group. They provided only a preliminary design/site plan, not a construction design. When we are done with the preliminary design, we will go out to bid for the design that will actually be built. This was just a conceptual design, not the actual construction plans. The consultant uses estimates. We need to look into that as well since, for example, they based construction of the bathhouse at \$350 a square foot.

It was requested that financing be on the next agenda.

Eileen Spencer (public) comments that she believes financing should have been approved in June. To still be discussing this now is ridiculous. We won't get a pool if we don't get the financing set up. We need to do that before we look at designs. The \$200,000 is based on budget. If the budget is not there for either the County or the City, it goes away. The Board needs to tell Mr. Hancock to get the money first. The conversation is silly, it should have been secured 6 months ago. I'm disappointed to have this conversation again. In February, I'll be the first to tell the public that we are not getting the pool.

Mr. Hancock responds that this is not how it works. The JPA was just established. There is no bank that will simply lend money out if they don't know what will be built. They can't be separated, they are tied together. Car loans are different, there are MSRP's and values associated with them. But, when you have a public facility, banks want to know what the facility is.

Board member Wosick again requests that Mr. Hancock and Mr. Egan come back with what is a reasonable percentage for the interest rate. Mr. Hancock responds that it's a good point and he appreciates it but we are working with the hand that was dealt to us. We want a pool but we are also dealing with lending laws and politics it has always anticipated that the City and County would need to be part of the financing strategy.

Tony Jonas (public) requests an update on the status of escrow on both parcels. Mr. Hancock states that we are waiting for the results of the Phase I analysis to come back prior to closing escrow.

PUBLIC COMMENT TO CLOSED SESSION ITEMS: (if any): Any person may address the Board at this time upon any discussion during Closed Session.

Open session recessed at 3:52 p.m. closed session to commence in 5 minutes.

CLOSED SESSION: At 3:58 p.m. the Honey Lake Valley Recreation Authority recessed to closed session to discuss the following:

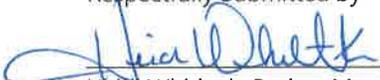
- A. PUBLIC EMPLOYMENT: pursuant to Government Code §54957. – Legal Services
- B. Conference with Real Property Negotiator: pursuant to Government Code §54956.8.

10 **RETURN TO OPEN SESSION:** At 4:35 p.m. the Honey Lake Valley Recreation Authority reconvened in open session.

- A.** Direction to staff, no reportable action was taken.

ADJOURNMENT: Meeting adjourned at 4:37 p.m.

Respectfully Submitted by


Heidi Whitlock, Project Manager


Brian Wilson, President

Approved December 16, 2014