

MENDOCINO CITY COMMUNITY SERVICES DISTRICT

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Minutes from 3:00 PM March 13, 2017 Special Meeting

1. Call to Order
2. No public comment
3. Discussion and approval of SHN Preliminary Engineering Report (PER)

Directors Schwartz, Hauck, and Kerstein were present. Superintendent Kelley and Tom Herman also attended the meeting.

Director Schwartz asked Tom Herman if MCCSD has a reasonable chance to get USDA funding for this project. Tom Herman stated if MCCSD submits an application that is approved during the current USDA budget year, the project funding is already allocated for this fiscal year. Their budget year ends in October 2017. He also stated that USDA wants to fund projects in this geographic area. SHN has an arrangement with the local USDA office in Santa Rosa to review the PER and to get a preliminary review from the Chico office before submitting the PER and funding application online.

3/27/17  
Tom explained that the whole amount of the project will be funded without any matching funds requirement, since the District is repaying the loan with its own revenues. Director Hauck questioned the need for the Bond Counsel for \$63,541.50 and the Legal Counsel for \$42,361.00 in Total Project Cost Estimate Table 30 (page 56 of the PER). Why are these fees required, since no bond is needed for the project? Tom Herman agreed to clarify the reason for these fees. He believed they may be loan fees. Director Hauck was concerned that the fees were "padding", and he did not want the fees camouflaged as Bond Counsel and Legal Counsel charges. Director ~~Hauck~~ <sup>Schwartz</sup> wanted to know if they are surety charges. Director Schwartz questioned the need for any charges related to a bond, since MCCSD would be paying for the loan from its revenues. Director Hauck asked SHN to find out what the justification was for the Legal Counsel and Bond Counsel or have them removed, and to notify the District with that information prior to the March 27, 2017 MCCSD regular meeting. Tom Herman agreed to get that information before the next meeting.

Tom Herman recommended that the Board authorize submission of the PER to the local USDA for a preliminary review, and that this would not obligate the District to the loan until it is approved by the USDA headquarters in Washington DC and is signed by MCCSD. He explained that submitting the PER for local review would act as a place holder for the funding.

MOTION Hauck/Schwartz: To approve the Preliminary Engineering Report prepared by SHN Engineering & Geologists for submission to USDA. This approval is subject to review and potential correction of the Bond Counsel and Legal Counsel fees, identified on page 56, for \$64, 541.50 and \$42,361.00 respectively. These fees are to be reviewed by SHN and identified as to what they actually are and either adjusted to reflect actual required amounts or removed from the fee structure.

ROLL CALL VOTE: AYES: Directors Schwartz, Hauck, and Kerstein  
NOES: None  
ABSENT: Directors Stubbs and Kraynek

Submitted by,

A handwritten signature in black ink, appearing to read "Mike Kelley". The signature is written in a cursive, somewhat stylized font.

Mike Kelley